

CITY OF PETERSBURG

**Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)**

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CITY OF PETERSBURG

WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

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CITY OF PETERSBURG

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC WATERWORKS SYSTEM OF THE CITY OF PETERSBURG AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF PETERSBURG:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. The City of Petersburg (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Grant County of said State.

B. The Issuer presently owns and operates a public water treatment and distribution system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain

extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of replacement of various items of equipment, improvements to the existing plant filter system, construction of a new backwash recycle/sludge handling and dewatering system and installation of an upgraded plant, water tank and booster telephone monitoring system, together with all appurtenant facilities, (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System") at an estimated cost of not more than \$963,500, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Bonds (as hereinafter defined) and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), in the total aggregate principal amount of not more than \$500,000 (the "Series 1996 Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1996 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 1996 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the West Virginia Water Development Authority (the "Authority"), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1996 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1996 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 1996 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1996 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Water Revenue Bond, Series 1975, dated November 10, 1976, issued in the original principal amount of \$474,000 (the "Series 1975 Bonds"), pursuant to an ordinance enacted by the Issuer on October 27, 1975 (the "Prior Ordinance"). The holder of the Series 1975 Bonds is the United States Department of Agriculture, Rural Utilities Service and it has given its consent (or will have given its consent prior to issuance of the Series 1996 Bonds), as required in the Prior Ordinance, to the issuance of the Series 1996 Bonds on a parity with the Series 1975 Bonds. Other than the Series 1975 Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1996 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval (or "grandfathering") of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council, and the obtaining of a certificate of convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Series 1996 Bonds or such final order will not be subject to appeal or rehearing.

I. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1996 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1996 Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1996 Bonds by the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be

performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1996 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Bondholder," "Holder of the Bonds," "Holder," "Registered Owner" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 1996 Bonds, the Series 1975 Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"Closing Date" means the date upon which there is an exchange of the Series 1996 Bonds for the proceeds representing the purchase price of the Series 1996 Bonds from the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineers" means Chapman Technical Group, St. Albans, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided, however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of acquisition and construction of the Project.

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the Council of the Issuer, as it may now or hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Grant" means all moneys received by the Issuer on account of any grant in aid of design, acquisition or construction of the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the City of Petersburg, a municipal corporation and political subdivision of the State of West Virginia, in Grant County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1996 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1996 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1996 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1996 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1996 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1996 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, as hereinafter defined, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses

of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 1996 Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption, shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution.

"Prior Ordinance" means the ordinance of the Issuer enacted on October 27, 1975, authorizing the Series 1975 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of the water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public water treatment and distribution system of the Issuer, consisting of replacement of various items of equipment, improvements to the existing plant filter system, construction of a new backwash recycle/sludge handling and dewatering system and installation of an upgraded plant, water tank and booster telephone monitoring system, together with all appurtenant facilities.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;
- (g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York,

provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registered Owner," "Bondholder," "Holder" or any similar term means, whenever used herein with respect to an outstanding Bond or Bonds, the person in whose name such Bond is registered.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Renewal and Replacement Fund" means, collectively, the Renewal and Replacement Fund established by Section 5.01 hereof and the Depreciation Reserve established in the Prior Ordinance.

"Reserve Accounts" means, collectively, the respective reserve account established for the Series 1996 Bonds and the Series 1975 Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for any of the Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance.

"Series 1996 Bonds" means the not more than \$500,000 aggregate principal amount of Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 1996 Bonds Construction Trust Fund" means the Series 1996 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1996 Bonds Reserve Account" means the Series 1996 Bonds Reserve Account established in the Series 1996 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1996 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1996 Bonds in the then current or any succeeding year.

"Series 1996 Bonds Sinking Fund" means the Series 1996 Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1975 Bonds" means the Issuer's Water Revenue Bonds, Series 1975, dated November 10, 1976, issued in the original principal amount of \$474,000.

"Series 1975 Bonds Reserve Account" means the Series 1975 Bonds Reserve Account established in the Series 1975 Bonds Sinking Fund pursuant to Section 3.02 of the Prior Ordinance.

"Series 1975 Bonds Sinking Fund" means the Series 1975 Bonds Sinking Fund established by Section 3.02 of the Prior Ordinance.

"Sinking Funds" means, collectively, the respective sinking fund established for the Series 1975 Bonds and the Series 1996 Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1996 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1996 Bonds and not so included, may be included in another Supplemental Resolution.

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further extensions, additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$963,500, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1996 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated not to exceed \$963,500, of which approximately \$500,000 will be obtained from proceeds of the Series 1996 Bonds and approximately \$463,500 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1996 Bonds, funding a reserve account for the Series 1996 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1996 Bonds of the Issuer. The Series 1996 Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 1996 (West Virginia Water Development Authority)," in the principal amount of not more than \$500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1996 Bonds remaining after funding of the Series 1996 Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1996 Bonds, if any, shall be deposited in or credited to the Series 1996 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1996 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1996 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 1996 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Series 1996 Bonds shall

be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1996 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1996 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1996 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1996 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1996 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account. No holder or holders of any of the Series 1996 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1996 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 1996 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the Holders of the Series 1975 Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1996 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1996 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1996 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1996 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1996 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1996 Bonds.

Section 3.10. Form of Series 1996 Bonds. The text of the Series 1996 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1996 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PETERSBURG
WATER REVENUE BOND,
SERIES 1996
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. R-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PETERSBURG, a municipal corporation and political subdivision of the State of West Virginia in Grant County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 199 _____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated _____, 199 ____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BOND, SERIES 1975, DATED NOVEMBER 10, 1976, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$474,000 (THE "SERIES 1975 BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1975 Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1996 Bonds Reserve Account"), and unexpended proceeds of the Bonds. The Gross Revenues (as defined in the Bond Legislation) shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1996 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, so long as the Series 1975 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that when the Series 1975 Bonds are no longer outstanding

and so long as there exists in the Series 1996 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF PETERSBURG has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 199____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said Bond
on the books kept for registration of the within Bond of the said Issuer with full power of
substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1996 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinance) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

- (1) Revenue Fund (established by the Prior Ordinance);
- (2) Reserve Account (established by the Prior Ordinance and herein referred to as "Series 1975 Bonds Reserve Account");
- (3) Sinking Fund (established by the Prior Ordinance and herein referred to as "Series 1975 Bonds Sinking Fund");
- (4) Depreciation Reserve (established by the Prior Ordinance and herein combined with and made a part of the "Renewal and Replacement Fund"); and
- (5) Series 1996 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinance) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

- (1) Series 1996 Bonds Sinking Fund; and
- (2) Within the Series 1996 Bonds Sinking Fund, the Series 1996 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first, each month pay from the Revenue Fund current Operating Expenses of the System.

(2) The Issuer shall next (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1996 Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 1996 Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date and (ii) simultaneously with the transfers set forth in subsection 5.03A(2)(i), transfer from the Revenue Fund and remit to the National Finance Office, as designated in the Prior Ordinance, the amount required by the Prior Ordinance to be deposited in the Series 1975 Bonds Sinking Fund for payment of interest, if any, on the Series 1975 Bonds.

(3) The Issuer shall next (i) on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1996 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 1996 Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date, and (ii) simultaneously with the transfers set forth in subsections 5.03A(3)(i), on the first day of each month, transfer from the Revenue Fund and remit to the National Finance Office, as designated in the Prior Ordinance, the amounts required by the Prior Ordinance to be deposited in the Series 1975 Bonds Sinking Fund for payment of the principal of the Series 1975 Bonds.

(4) The Issuer shall next, (i) on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1996 Bonds, if not fully funded upon issuance of the Series 1996 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1996 Bonds Reserve Account, an amount equal to 1/120 of the Series 1996 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1996 Bonds Reserve

Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1996 Bonds Reserve Requirement, and (ii) simultaneously with the transfer set forth in subsection 5.03A(3)(i), on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank established by the Prior Ordinance, the amount, if any, required by the Prior Ordinance to be deposited in the Series 1975 Bonds Reserve Account.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund (formerly the Depreciation Reserve established by the Prior Ordinance), all moneys remaining in the Revenue Fund, until there has been accumulated therein the aggregate sum of \$28,000, and thereafter such sums as shall be required to maintain such amount therein. The Issuer shall thereafter transfer from the funds remaining in the Revenue Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payment for account of any Reserve Account. Provided, that no transfer to the Renewal and Replacement Fund shall be less than a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Funds in the Renewal and Replacement Fund shall be used by the Issuer first to make up any deficiencies in the transfers to the Sinking Funds required under the respective Bond Ordinances and next, eliminate any deficiencies in the Reserve Requirement held in each Reserve Account under the respective Bond Ordinances [except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof]. Thereafter, and provided that payments into the Sinking Funds and Reserve Accounts are current and in accordance with the foregoing provisions, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the system.

Moneys in the Series 1996 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1996 Bonds as the same shall become due. Moneys in the Series 1996 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1996 Bonds as the same shall come due, when other moneys in the Series 1996 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account (if equal to at least the Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such

amounts shall, during construction of the Project, be deposited in the Series 1996 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1996 Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1996 Bonds Reserve Account which result in a reduction in the balance of the Series 1996 Bonds Reserve Account to below the Series 1996 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full to the Series 1975 Bonds Sinking Fund and the Series 1996 Bonds Sinking Fund.

As and when additional Bonds ranking on a parity with the Series 1996 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1996 Bonds Sinking Fund, or the Series 1996 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1996 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity and pro rata, with respect to the Series 1975 Bonds and the Series 1996 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1996 Bonds Sinking Fund, including the Series 1996 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1996 Bonds under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1996 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges, fees and expenses then due.

E. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03 and Section 3.02 of the Prior Ordinance, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

G. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

H. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1996 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1996 Bonds or from other funds available to the Issuer, there shall first be deposited with the Commission in the Series 1996 Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1996 Bonds for the period commencing on the date of issuance of the Series 1996 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1996 Bonds or from other funds available to the Issuer, there shall be deposited with the Commission in the Series 1996 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1996 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1996 Bonds, there shall first be credited to the Series 1996 Bonds Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining moneys derived from the sale of the Series 1996 Bonds shall be deposited with the Depository Bank in the Series 1996 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1996 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 1996 Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 1996 Bonds Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1996 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 1996 Bonds Construction Trust Fund

(except for the costs of issuance of the Series 1996 Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred;
and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 1996 Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1996 Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 1996 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 1996 Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Series 1996 Bonds Construction Trust Fund to the Series 1996 Bonds Reserve Account, and when fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of the Series 1996 Bonds be deposited in the Series 1996 Bonds Reserve Account and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Series 1996 Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1996 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1996 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1996 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1996 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1996 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1996 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1996 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1975 Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of water rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted June 5, 1995, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. So long as any of the Series 1975 Bonds are Outstanding, the System shall not be sold without (i) the prior written consent of the Owner or Owners of the Series 1975 Bonds, which consent shall direct the disposition of proceeds of any such sale and (ii) compliance with the requirements of this Section 7.05. Thereafter, except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized

shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1996 Bonds, immediately be remitted to the Commission for deposit in the Series 1996 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1996 Bonds. Any balance remaining after the payment of all the Series 1996 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Series 1996 Bonds Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Series 1996 Bonds Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then

Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1996 Bonds. All obligations issued by the Issuer after the issuance of the Series 1996 Bonds and payable from the revenues of the System, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 1996 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a-parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as any of the Series 1975 Bonds are Outstanding, no Parity Bonds may be issued without (i) the written consent of the Owner or Owners of the Series 1975 Bonds and (ii) compliance with the requirements set forth in this Section 7.07. Thereafter, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1996 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Series 1996 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting

Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall, so long as the Series 1975 Bonds are outstanding, not be less than 120%, and thereafter, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Within 30 days of the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions, additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section.

Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1996 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1996 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Notwithstanding the foregoing, or any provision of Section 7.06 hereof to the contrary, additional Parity Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of the Parity Bonds.

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the

Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers and the Authority or any other original purchaser of the Series 1996 Bonds and shall mail in each year to any Holder or Holders of the Series 1996 Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1996 Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 1996 Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% of the maximum amount required in any year for payment of principal of and interest on the Series 1996 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1996 Bonds, including the Series 1975 Bonds, so long as the Series 1975 Bonds are outstanding, and thereafter 115% of such amount; provided that, in the event that the Series 1975 Bonds are no longer outstanding and an amount equal to or in excess of the Series 1996 Bonds Reserve Requirement is on deposit in the Series 1996 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1996 Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1996 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1996 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased

expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System so long as any of the Series 1996 Bonds are Outstanding.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will,

as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer and the Authority from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided for every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and all applicable laws, rules and regulations issued by the Authority, or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1996 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1996 Bonds during the term thereof is, under the terms of the Series 1996 Bonds or any underlying arrangement, directly or indirectly, secured by any

interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1996 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1996 Bonds during the term thereof is, under the terms of the Series 1996 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1996 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1996 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1996 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1996 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. **INFORMATION RETURN.** The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1996 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1996 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1996 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1996 Bonds and

shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1975 Bonds.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1996 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 1996 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1996 Bonds which would cause the Series 1996 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1996 Bonds) so that the interest on the Series 1996 Bonds will be and remain excludable from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1996 Bonds are private activity bonds; that 95 % or more of the Net Proceeds of the Series 1996 Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1996 Bonds are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1996 Bonds. In the event of a failure to pay the correct rebate amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States such amount or amounts, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with

rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1996 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer fails to duly and punctually observe or perform any of the covenants, conditions, or agreements on the part of the Issuer provided in the Prior Ordinance, or violates or fails to observe any provision of any pertinent law; or

(4) If the Issuer or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 1996 Bonds shall be on a parity with the Holders of the Series 1975 Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and, after commencement of operation of the System, the making and collection of sufficient rates and

charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all of the Series 1996 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1996 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1996 Bonds from gross income for federal income tax purposes.

Series 1996 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1996 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1996 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1996 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1996 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1996 Bonds, this Ordinance may be amended or supplemented in any way by Supplemental Resolution. Following issuance of the Series 1996 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1996 Bonds from gross income of the Holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution thereto, or the Series 1996 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the more restrictive provision shall control.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Grant County Press, a newspaper published and of general circulation in the City of Petersburg, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - December 4, 1995

Passed on Second Reading: - December 20, 1995

Passed on Final Reading
Following Public
Hearing: - January 17, 1996


Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY
OF PETERSBURG on the 17th day of January, 1996.

Dated: August 29, 1996

[SEAL]


Recorder

08/09/96
PETWJM.A6
698490/95001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]



CITY OF PETERSBURG

Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE CITY OF PETERSBURG; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of the City of Petersburg (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective January 17, 1996 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC WATERWORKS SYSTEM OF THE CITY OF PETERSBURG AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS;

AUTHORIZING THE SALE AND PROVIDING FOR THE
TERMS AND PROVISIONS OF SUCH BONDS AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance;

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer (the "Bonds" or the "Series 1996 Bonds"), in the aggregate principal amount not to exceed \$500,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds to be dated the date of delivery of the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF PETERSBURG:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water

Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$492,590. The Series 1996 Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2035, shall bear interest at the rate of 6.25% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1996, and shall be payable in installments of principal on October 1 in each of the years 1997 through 2035, inclusive, and in the amounts as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority is the registered owner of the Bonds.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint Potomac Valley Bank, Petersburg, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1996 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1996 Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1996 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1996 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 1996 Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds.

Section 10. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 29, 1996, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 1996 Bonds Sinking Fund, including the Series 1996 Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 14. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than \$5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1996, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the


Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 28th day of August, 1996.

CITY OF PETERSBURG


Mayor


Recorder

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council
of the CITY OF PETERSBURG on the 28th of August, 1996.

Dated: August 29, 1996.

[SEAL]


Recorder

08/12/96
PETWJM.B2
698490/95001

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

CITY OF PETERSBURG

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

1.3 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

1.8 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.9 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.11 Additional terms and phrases are defined in this Loan Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources* (or in the process of preparation by such

* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivery to the Authority of the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

(e) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the construction of the Project and operation of the System with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project) with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

Local Bonds; Security for Loan;
Repayment of Loan; Interest on Loan;
Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any Local Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement;

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.6 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

Certain Covenants of the Governmental Agency;
Imposition and Collection of User Charges;
Payments To Be Made by
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in

the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for Federal income tax purposes of interest on the Local Bonds.

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.5 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.6 This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

City of Petersburg

[Proper Name of Governmental Agency]

(SEAL)

By: *Russ. V. Hedrick, Jr.*
Its: Mayor

Attest:

Date: August 29, 1996

Edna M. Gorman

Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: *Daniel B. Yankovsky*
Director

Attest:

Date: August 29, 1996

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____

(the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be

simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this ____ day of _____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

We are bond counsel to _____
(the "Governmental Agency"), a _____
_____.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19____, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

The Local Bonds are issued for the purpose of _____
_____ and paying certain issuance and other costs
in connection therewith.

We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as

amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Governmental Agency without the consent of the Authority.

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

We have examined executed and authenticated Local Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

	<u>CURRENT</u>	<u>YEAR TO</u>	<u>BUDGET YEAR</u>	
<u>ITEM</u>	<u>MONTH</u>	<u>DATE</u>	<u>TO DATE</u>	<u>DIFFERENCE</u>
1. Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this ____ day of _____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 492,590

Purchase Price of Local Bonds \$ 492,590

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 6.25 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations: Farmers Home Administration - Water Revenue Bond, Series 1975, issued November 10, 1976, in the original principal amount of \$474,000.

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

1995 SERIES B LOCAL LOAN PROGRAM

West Virginia Water Development Authority
City of Petersburg, West Virginia
Debt Service Schedule
Closing August 29, 1996
Total Amount Borrowed: \$492,590

Date	Coupon	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
10/1/96	6.25%	-	2,736.61	2,736.61	2,736.61
4/1/97	6.25%	-	15,393.44	15,393.44	
10/1/97	6.25%	3,194.58	15,393.44	18,588.02	33,981.46
4/1/98	6.25%	-	15,293.61	15,293.61	
10/1/98	6.25%	3,394.24	15,293.61	18,687.85	33,981.46
4/1/99	6.25%	-	15,187.54	15,187.54	
10/1/99	6.25%	3,606.38	15,187.54	18,793.92	33,981.46
4/1/00	6.25%	-	15,074.84	15,074.84	
10/1/00	6.25%	3,831.78	15,074.84	18,906.62	33,981.46
4/1/01	6.25%	-	14,955.09	14,955.09	
10/1/01	6.25%	4,071.26	14,955.09	19,026.35	33,981.44
4/1/02	6.25%	-	14,827.87	14,827.87	
10/1/02	6.25%	4,325.72	14,827.87	19,153.59	33,981.46
4/1/03	6.25%	-	14,692.69	14,692.69	
10/1/03	6.25%	4,596.07	14,692.69	19,288.76	33,981.45
4/1/04	6.25%	-	14,549.06	14,549.06	
10/1/04	6.25%	4,883.33	14,549.06	19,432.39	33,981.45
4/1/05	6.25%	-	14,396.46	14,396.46	
10/1/05	6.25%	5,188.54	14,396.46	19,585.00	33,981.46
4/1/06	6.25%	-	14,234.32	14,234.32	
10/1/06	6.25%	5,512.82	14,234.32	19,747.14	33,981.46
4/1/07	6.25%	-	14,062.04	14,062.04	
10/1/07	6.25%	5,857.37	14,062.04	19,919.41	33,981.45
4/1/08	6.25%	-	13,879.00	13,879.00	
10/1/08	6.25%	6,223.46	13,879.00	20,102.46	33,981.46
4/1/09	6.25%	-	13,684.51	13,684.51	
10/1/09	6.25%	6,612.42	13,684.51	20,296.93	33,981.44
4/1/10	6.25%	-	13,477.88	13,477.88	
10/1/10	6.25%	7,025.70	13,477.88	20,503.58	33,981.46
4/1/11	6.25%	-	13,258.32	13,258.32	
10/1/11	6.25%	7,464.80	13,258.32	20,723.12	33,981.44
4/1/12	6.25%	-	13,025.05	13,025.05	
10/1/12	6.25%	7,931.35	13,025.05	20,956.40	33,981.45
4/1/13	6.25%	-	12,777.19	12,777.19	
10/1/13	6.25%	8,427.06	12,777.19	21,204.25	33,981.44
4/1/14	6.25%	-	12,513.85	12,513.85	
10/1/14	6.25%	8,953.76	12,513.85	21,467.61	33,981.46
4/1/15	6.25%	-	12,234.04	12,234.04	
10/1/15	6.25%	9,513.37	12,234.04	21,747.41	33,981.45
4/1/16	6.25%	-	11,936.75	11,936.75	
10/1/16	6.25%	10,107.95	11,936.75	22,044.70	33,981.45

Date	Coupon	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
4/1/17	6.25%	-	11,620.88	11,620.88	
10/1/17	6.25%	10,739.70	11,620.88	22,360.58	33,981.46
4/1/18	6.25%	-	11,285.26	11,285.26	
10/1/18	6.25%	11,410.93	11,285.26	22,696.19	33,981.45
4/1/19	6.25%	-	10,928.67	10,928.67	
10/1/19	6.25%	12,124.11	10,928.67	23,052.78	33,981.45
4/1/20	6.25%	-	10,549.79	10,549.79	
10/1/20	6.25%	12,881.87	10,549.79	23,431.66	33,981.45
4/1/21	6.25%	-	10,147.23	10,147.23	
10/1/21	6.25%	13,686.99	10,147.23	23,834.22	33,981.45
4/1/22	6.25%	-	9,719.51	9,719.51	
10/1/22	6.25%	14,542.42	9,719.51	24,261.93	33,981.44
4/1/23	6.25%	-	9,265.06	9,265.06	
10/1/23	6.25%	15,451.32	9,265.06	24,716.38	33,981.44
4/1/24	6.25%	-	8,782.21	8,782.21	
10/1/24	6.25%	16,417.03	8,782.21	25,199.24	33,981.45
4/1/25	6.25%	-	8,269.18	8,269.18	
10/1/25	6.25%	17,443.10	8,269.18	25,712.28	33,981.46
4/1/26	6.25%	-	7,724.08	7,724.08	
10/1/26	6.25%	18,533.29	7,724.08	26,257.37	33,981.45
4/1/27	6.25%	-	7,144.92	7,144.92	
10/1/27	6.25%	19,691.62	7,144.92	26,836.54	33,981.46
4/1/28	6.25%	-	6,529.55	6,529.55	
10/1/28	6.25%	20,922.35	6,529.55	27,451.90	33,981.45
4/1/29	6.25%	-	5,875.73	5,875.73	
10/1/29	6.25%	22,229.99	5,875.73	28,105.72	33,981.45
4/1/30	6.25%	-	5,181.04	5,181.04	
10/1/30	6.25%	23,619.37	5,181.04	28,800.41	33,981.45
4/1/31	6.25%	-	4,442.94	4,442.94	
10/1/31	6.25%	25,095.58	4,442.94	29,538.52	33,981.46
4/1/32	6.25%	-	3,658.70	3,658.70	
10/1/32	6.25%	26,664.05	3,658.70	30,322.75	33,981.45
4/1/33	6.25%	-	2,825.45	2,825.45	
10/1/33	6.25%	28,330.56	2,825.45	31,156.01	33,981.46
4/1/34	6.25%	-	1,940.12	1,940.12	
10/1/34	6.25%	30,101.22	1,940.12	32,041.34	33,981.46
4/1/35	6.25%	-	999.45	999.45	
10/1/35	6.25%	31,982.54	999.45	32,981.99	33,981.44
		492,590.00	835,423.25	1,328,013.25	1,328,013.25

Average Coupon	6.250000%
TIC -	6.250567%
NIC -	6.250000%
Arbitrage Yield -	6.250567%
WAM -	27.14

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to the extent not otherwise limited by an outstanding local ordinance, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth ($1/6$) of the interest payment next coming due on the Local Bonds and one-twelfth ($1/12$) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth ($1/12$) of one-tenth ($1/10$) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent ($2\frac{1}{2}\%$) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;

(iii) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority;

(iv) to pay Operating Expenses of the System; and

(v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended.

2. "System" means the waterworks system owned by the Governmental Agency in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and any additions, betterments or improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.

2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the gross revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

5. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: August 30, 1995

9-19-95

CASE NO. 95-0432-W-CN

CITY OF PETERSBURG, a municipal corporation,
Grant County.

Application for a certificate of convenience
and necessity to make improvements to its
existing water system, and for approval of
financing incidental thereto.

RECOMMENDED DECISION

On May 23, 1995, the City of Petersburg (Petersburg), a municipal corporation, Petersburg, Grant County, filed an application with the Public Service Commission, pursuant to West Virginia Code (Code) §24-2-11, for a certificate of convenience and necessity to improve its existing water treatment and distribution system and for approval of financing to provide such service. The District has estimated that the proposed project will cost \$867,312, to be financed with a Small Cities Block (SCB) grant amounting to \$463,530, and with a West Virginia Water Development (WDA) loan amounting to \$403,782.

On May 23, 1995, the Commission directed Petersburg to publish the Notice of Filing. The Notice of Filing included the proposed rates and provided that, if no substantial protests were filed within thirty (30) days, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application. Pursuant thereto, on June 26, 1995, Petersburg filed a publication affidavit indicating that it had published the Notice of Filing on May 30, 1995, in the Grant County Press, a newspaper published and generally circulated in Grant County. No protests have been filed.

On June 8, 1995, Staff Attorney Meyishi P. Blair, Esquire, filed the Initial Joint Staff Memorandum, dated June 7, 1995. She attached the Initial Staff Memorandum, dated May 30, 1995, from Chief Utilities Manager Cleo C. McGraw, Water and Sewer Section, Utilities Division. Commission Staff indicated that it would render a final recommendation once it had completed its review of this matter.

On June 12, 1995, the Commission entered the Commission Referral Order in this proceeding, referring this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before December 19, 1995. Pursuant thereto, on June 16, 1995, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a September 29, 1995 hearing date.

On August 21, 1995, Staff Attorney Blair filed the Further Final Joint Staff Memorandum, dated August 18, 1995, in this proceeding. She attached to her Memorandum the Final Staff Memorandum, dated August 16, 1995, from Utilities Analyst Kristi Tully and Staff Engineer Ingrid Ferrell, both of the Water and Sewer Section, Utilities Division.

Commission Staff reported that the proposed project consists of two contracts. The provisions of Contract 1 call for renovating Petersburg's existing water filter; providing temporary water filters to keep the water plant operating during the interim construction period; installing two submersible pumps with a wet well, for the wastewater; installing approximately 200 lineal feet of four-inch force wastewater main and twelve lineal feet of twelve-inch gravity wastewater main, with a sanitary manhole; replumbing its existing filter backwash line; installing a new telemetry system; and installing a new treatment plant flow meter, a new turbidity monitor and an in-line chlorine residual analyzer. Contract 2 consists of installing a 628,000-gallon bolted steel, glass-lined water storage tank.

Commission Staff opined that the project is required in order to comply with the minimum requirements of West Virginia's public water supply regulations. Also, the United States Corps of Army Engineers (Corps) is initiating a flood control project that will require Petersburg to eliminate its existing sediment ponds. Petersburg's current water storage tank can hold only a one-day supply of water, i.e., 700,000 gallons, and the proposed 628,000-gallon tank would provide it with nearly two days of water storage capacity. Commission Staff noted, however, that, if the bids for the 628,000-gallon tank are higher than estimated, Petersburg has proposed to install a 436,000-gallon tank as an alternative. The Office of Environmental Health Services has issued a permit to Petersburg to construct the proposed project. Commission Staff found that the engineering and design of the project complied with the Commission's rules and regulations and recommended granting the certificate application without a hearing.

Finally, Commission Staff noted that the proposed rates would produce additional annual revenues amounting to \$128,230, thereby providing sufficient cash flows to cover additional expenses of \$78,656 and debt service requirements of \$33,911.

DISCUSSION

The ALJ has considered all of the above, and, since Commission Staff does not dispute Petersburg's proposal, he will consider the parties to have waived their rights under Code §24-1-9(b) to file proposed findings of fact and conclusions of law, or briefs, in this proceeding. Entry of this Recommended Decision obviates the necessity for the September 28, 1995 hearing date, and, for this reason, the ALJ will cancel the procedural schedule established by the June 16, 1995 Procedural Order, including the September 28, 1995 hearing date.

The ALJ holds that, since Commission Staff has recommended granting the certificate application, including approving the proposed financing, without a hearing; since the proposed rates will generate enough additional revenue

to cover the additional expenses amounting to \$78,656, and the additional debt service requirement of \$33,911; since Petersburg published the Notice of Filing as directed; and since no protests were filed, the ALJ will grant the application for a certificate of convenience and necessity, including the proposed financing.

FINDINGS OF FACT

1. The City of Petersburg filed an application with the Commission, pursuant to Code §24-2-11, to obtain a certificate of public convenience and necessity to improve its existing water treatment and distribution system and to obtain approval of its proposed financing for the project. (See, Application, filed May 23, 1995).

2. Petersburg has estimated that the proposed project will cost \$867,312, to be funded with a \$463,360 SCB grant and with a \$403,782 WDA loan. (See, Application, filed May 23, 1995).

3. Petersburg published a Notice of Filing, including the proposed new rates, in the Grant County Press, on May 30, 1995, thereby initiating a 30-day protest period. (See, Publication Affidavit, filed June 26, 1995).

4. No protests were filed. (See, Commission's case file).

5. Commission Staff has recommended granting the certificate application without a hearing. (See, Further Final Joint Staff Memorandum, with attachment, filed August 21, 1995).

6. The proposed project will enable Petersburg to comply with West Virginia's public water supply regulations. (See, Further Final Joint Staff Memorandum, with attachment, filed August 21, 1995).

7. Petersburg proposes constructing a 436,000-gallon water storage tank if the bids are too high for it to build the proposed 628,000-gallon tank. (See, Further Final Joint Staff Memorandum, with attachment, filed August 21, 1995).

8. Petersburg's existing 700,000-gallon water storage tank can hold only one day's water supply. (See, Further Final Joint Staff Memorandum, with attachment, filed August 21, 1995).

9. Petersburg must build the proposed project in part due to a Corps' flood control project which will eliminate Petersburg's existing sediment ponds. (See, Further Final Joint Staff Memorandum, with attachment, filed August 21, 1995).

10. The proposed rates will generate additional annual revenues amounting to \$128,230, thereby providing sufficient cash flows to cover additional expenses relating to the project amounting to \$78,656, and covering additional debt service requirements amounting to \$33,911. (See, Further Final Joint Staff Memorandum, with attachment, filed August 21, 1995).

11. Commission Staff has recommended approving the proposed financing (See, Further Final Joint Staff Memorandum, with attachment, filed August 21, 1995).

CONCLUSIONS OF LAW

1. For all of the reasons set forth in Finding of Fact Nos. 2 and 10, it is reasonable to conclude that the proposed rates are adequate to support the proposed project.

2. For all of the reasons set forth in Conclusion of Law No. 1 and Finding of Fact Nos. 2, 3, 4, 5, 6, 8 and 9, it is reasonable to conclude that public convenience and necessity require the proposed project, making it reasonable to grant the application.

3. For the reasons set forth in Finding of Fact No. 7, and since actual bids for the entire project could exceed estimates, it is reasonable to permit Petersburg to build a 436,000-gallon water storage tank if bids for the proposed 628,000-gallon tank are too high, and it is reasonable to require Petersburg to obtain prior Commission approval should any of the other bids exceed the estimated costs or should the scope of the project materially change.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on May 23, 1995, by the City of Petersburg, pursuant to Code §24-2-11, to obtain a certificate of convenience and necessity to improve its existing water treatment and distribution system, be, and it hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, totaling \$867,312, consisting of a \$463,530 SCB grant and with a \$403,782 WDA loan, be, and it hereby is, approved.

IT IS FURTHER ORDERED that, should the actual bid for the 628,000-gallon water storage tank exceed estimated costs, Petersburg hereby is permitted to construct a 436,000-gallon water storage tank.

IT IS FURTHER ORDERED that, should the actual bids for the project exceed the estimated costs or should the scope of the project materially change, except for the water storage tank as set forth above, Petersburg must first obtain Commission approval prior to commencing construction.

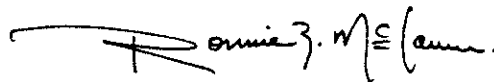
IT IS FURTHER ORDERED that the procedural schedule established by the June 16, 1995 Procedural Order, including the September 29, 1995 hearing date, be, and it hereby is, cancelled.

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary of the Commission within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Ronnie Z. McCann
Administrative Law Judge

RZM:dfs

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 6th day of August, 1996.

CASE NO. 96-0700-W-PC

PETERSBURG MUNICIPAL WATER DEPARTMENT
Petition for consent and approval
to borrow funds from West Virginia
Development Authority to construct
improvements.

COMMISSION ORDER

On May 23, 1995, the City of Petersburg (Petersburg), filed with the Commission an application for a certificate of public convenience and necessity to construct improvements to its existing water treatment and distribution system and for approval of financing to provide such service. This application was docketed as Case No. 95-0432-W-CN.

In a Recommended Decision dated August 30, 1995, which became a final order on September 19, 1995, Judge Ronnie Z. McCann granted Petersburg's application for a certificate of public convenience and necessity. Judge McCann further ordered that, if actual bids for the water system improvement project exceeded estimated costs or if the scope of the project materially changed, other than the storage capacity for Petersburg's proposed water storage tank, Petersburg would have to obtain Commission approval prior to commencing construction.

On June 21, 1996, Petersburg filed a petition requesting Commission approval to borrow an additional \$88,808 from the West Virginia Development Authority to complete the project approved in Case No. 93-0935-W-CN. Petersburg claims it needs to borrow the additional funds because the total expected project cost of \$956,120 exceeds the previously estimated cost of \$867,312. Petersburg's petition indicates that user charges will not need to be increased as a result of the additional borrowing since the interest rate for the West Virginia Development Authority loan has decreased from 8% to 6.25%. Petersburg is proposing no other alterations in the project certificated in Case No. 95-0432-W-CN.

Petersburg erroneously identified its petition as being made pursuant to Case No. 93-0935-W-CN. The Executive Secretary's Office erroneously identified Petersburg's petition as a new petition for consent rather than as a petition to reopen a certificate case.

In its Initial and Final Joint Staff Memorandum, filed July 12, 1996, Commission Staff recommended approval of Petersburg's

petition.

FINDINGS OF FACT

1. On May 23, 1995, Petersburg filed with the Commission an application for a certificate of public convenience and necessity to construct improvements to its existing water treatment and distribution system and for approval of financing to provide such service. This application was docketed as Case No. 95-0432-W-CN.

2. In a Recommended Decision dated August 30, 1995, which became a final order on September 19, 1995, Judge Ronnie Z. McCann granted Petersburg's application for a certificate of public convenience and necessity and ordered Petersburg to seek Commission approval prior to commencing construction if actual bids for the improvements exceeded estimated costs or if the scope of the project materially changed.

3. On June 21, 1996, Petersburg requested Commission approval to borrow an additional \$88,808 from the West Virginia Development Authority to complete the improvements approved in Case No. 93-0935-W-CN.

4. Petersburg erroneously identified its request as being made pursuant to Case No. 93-0935-W-CN. The Executive Secretary's Office erroneously identified Petersburg's request as a new petition for consent rather than as a petition to reopen a certificate case.

5. In its Initial and Final Joint Staff Memorandum, filed July 12, 1996, Commission Staff recommended approval of Petersburg's request.

CONCLUSIONS OF LAW

1. Petersburg's request should have been identified as a petition to reopen its certificate case, docketed as Case No. 95-0432-W-CN.

2. It is reasonable to grant Petersburg's request to borrow an additional \$88,808 from the West Virginia Development Authority.

ORDER

IT IS, THEREFORE, ORDERED that Petersburg's petition for Commission approval to borrow an additional \$88,808 for the water system improvements certificated in Case No. 95-0432-W-CN is hereby granted.

IT IS FURTHER ORDERED that any other petition for additional borrowing or alterations to the certificated water system improvement project shall be identified as a petition to reopen Case No. 95-0432-W-CN.

IT IS FURTHER ORDERED that the Commission's Acting Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:



Pamela J. Hicks
Acting Secretary



Public Service Commission

Richard E. Hitt, General Counsel

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0111
FAX: (304) 340-0372

August 21, 1996

Mrs. Pamela J. Hicks
Acting Executive Secretary
West Virginia Public Service Commission
P. O. Box 812
Charleston, West Virginia 25323

Re: Case No. 96-0700-W-PC
PETERSBURG MUNICIPAL WATER DEPARTMENT

Dear Mrs. Hicks:

I am writing to advise you that the Staff will not be appealing the decision rendered in the above-referenced case.

Thank you for your attention to this matter.

Sincerely,

Meiyishi Blair
MEYISHI BLAIR

cc: Francesca Tan, Esq.
Cleo McGraw, Chief Utilities Manager

L96700

Post-It™ Fax Note	7671	Date	8/21	# of pages	1
To	Francesca Tan	From	Meiyishi Blair		
Co./Dept.		Co.	WV PSC - Legal		
Phone #	624-8104	Phone #			
Fax #	(304) 624-8183	Fax #	340-0372		



STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY

1201 DUNBAR AVENUE
DUNBAR, WV 25064

Telephone (304) 558-3612
Telecopier (304) 558-0299

July 13, 1995


Mr. Duane Miller
Region VIII Planning and Development Council
P.O. Box 849
Petersburg WV 26847

PRELIMINARY APPLICATION -
CITY OF PETERSBURG (WATER PROJECT)

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Preliminary Application for the above-referenced project and has determined that the project is technically and financially feasible within the guidelines of the Act. (See attached Water Assessment Committee comments.)

The Council recommends that the City of Petersburg use its existing Small Cities Block Grant of \$463,530 and pursue a loan of \$403,782 from either the Water Development Authority or the USDA Rural Economic and Community Development. This letter does not constitute funding approval by these agencies.

If you have any questions, please contact Daniel Yonkosky, Director of the Water Development Authority, who serves as chairman of the Council's Funding Committee.

for 
RUSSELL L. ISAACS, CHAIRMAN
WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

c Fred Cutlip, West Virginia Development Office
Bobby Lewis, Rural Economic and Community Development

encl:nd

1

2

CITY OF PETERSBURG

Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the City of Petersburg (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 29th day of August, 1996, the Authority received the entire original issue of \$492,590 in aggregate principal amount of Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered R-1, and dated August 29, 1996.
2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by the Mayor and Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.
3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Bonds in the aggregate amount of \$492,590 (100% of par value), there being no interest accrued.

WITNESS our respective signatures on this 29th day of August, 1996.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

CITY OF PETERSBURG


Mayor

08/12/96
PETWJM.G2
688490/95001

CITY OF PETERSBURG

Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. R-1, constituting the entire original issue of the City of Petersburg Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), in the principal amount of \$492,590, dated August 29, 1996 (the "Bonds"), executed by the Mayor and Recorder of the City of Petersburg (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on January 17, 1996, and a Supplemental Resolution duly adopted by the Issuer on August 28, 1996 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the loan agreement, dated August 29, 1996, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$492,590, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 29th day of August, 1996.

CITY OF PETERSBURG


Mayor

08/12/96
PETWJM.H2
698490/95001

(SPECIMEN SERIES 1996 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF PETERSBURG
WATER REVENUE BOND,
SERIES 1996
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. R-1

\$492,590

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PETERSBURG, a municipal corporation and political subdivision of the State of West Virginia in Grant County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR HUNDRED NINETY-TWO THOUSAND FIVE HUNDRED NINETY DOLLARS (\$492,590), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1996. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated August 29, 1996.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on January 17, 1996, and a Supplemental Resolution duly adopted by the Issuer on August 28, 1996 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BOND, SERIES 1975, DATED NOVEMBER 10, 1976, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$474,000 (THE "SERIES 1975 BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the Holders of the Series 1975 Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1996 Bonds Reserve Account"), and unexpended proceeds of the Bonds. The Gross Revenues (as defined in the Bond Legislation) shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1996 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, so long as the Series 1975 Bonds are outstanding, and

thereafter, 115% of such amount; provided however, that when the Series 1975 Bonds are no longer outstanding and so long as there exists in the Series 1996 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the

Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF PETERSBURG has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated August 29, 1996.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: August 29, 1996.

ONE VALLEY BANK, NATIONAL
ASSOCIATION,
as Registrar

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

West Virginia Water Development Authority
City of Petersburg, West Virginia
Debt Service Schedule
Closing August 29, 1996
Total Amount Borrowed: \$492,590

Date	Coupon	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
10/1/96	6.25%	-	2,736.61	2,736.61	2,736.61
4/1/97	6.25%	-	15,393.44	15,393.44	
10/1/97	6.25%	3,194.58	15,393.44	18,588.02	33,981.46
4/1/98	6.25%	-	15,293.61	15,293.61	
10/1/98	6.25%	3,394.24	15,293.61	18,687.85	33,981.46
4/1/99	6.25%	-	15,187.54	15,187.54	
10/1/99	6.25%	3,606.38	15,187.54	18,793.92	33,981.46
4/1/00	6.25%	-	15,074.84	15,074.84	
10/1/00	6.25%	3,831.78	15,074.84	18,906.62	33,981.46
4/1/01	6.25%	-	14,955.09	14,955.09	
10/1/01	6.25%	4,071.26	14,955.09	19,026.35	33,981.44
4/1/02	6.25%	-	14,827.87	14,827.87	
10/1/02	6.25%	4,325.72	14,827.87	19,153.59	33,981.46
4/1/03	6.25%	-	14,692.69	14,692.69	
10/1/03	6.25%	4,596.07	14,692.69	19,288.76	33,981.45
4/1/04	6.25%	-	14,549.06	14,549.06	
10/1/04	6.25%	4,883.33	14,549.06	19,432.39	33,981.45
4/1/05	6.25%	-	14,396.46	14,396.46	
10/1/05	6.25%	5,188.54	14,396.46	19,585.00	33,981.46
4/1/06	6.25%	-	14,234.32	14,234.32	
10/1/06	6.25%	5,512.82	14,234.32	19,747.14	33,981.46
4/1/07	6.25%	-	14,062.04	14,062.04	
10/1/07	6.25%	5,857.37	14,062.04	19,919.41	33,981.45
4/1/08	6.25%	-	13,879.00	13,879.00	
10/1/08	6.25%	6,223.46	13,879.00	20,102.46	33,981.46
4/1/09	6.25%	-	13,684.51	13,684.51	
10/1/09	6.25%	6,612.42	13,684.51	20,296.93	33,981.44
4/1/10	6.25%	-	13,477.88	13,477.88	
10/1/10	6.25%	7,025.70	13,477.88	20,503.58	33,981.46
4/1/11	6.25%	-	13,258.32	13,258.32	
10/1/11	6.25%	7,464.80	13,258.32	20,723.12	33,981.44
4/1/12	6.25%	-	13,025.05	13,025.05	
10/1/12	6.25%	7,931.35	13,025.05	20,956.40	33,981.45
4/1/13	6.25%	-	12,777.19	12,777.19	
10/1/13	6.25%	8,427.06	12,777.19	21,204.25	33,981.44
4/1/14	6.25%	-	12,513.85	12,513.85	
10/1/14	6.25%	8,953.76	12,513.85	21,467.61	33,981.46
4/1/15	6.25%	-	12,234.04	12,234.04	
10/1/15	6.25%	9,513.37	12,234.04	21,747.41	33,981.45
4/1/16	6.25%	-	11,936.75	11,936.75	
10/1/16	6.25%	10,107.95	11,936.75	22,044.70	33,981.45

Date	Coupon	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
4/1/17	6.25%	-	11,620.88	11,620.88	
10/1/17	6.25%	10,739.70	11,620.88	22,360.58	33,981.46
4/1/18	6.25%	-	11,285.26	11,285.26	
10/1/18	6.25%	11,410.93	11,285.26	22,696.19	33,981.45
4/1/19	6.25%	-	10,928.67	10,928.67	
10/1/19	6.25%	12,124.11	10,928.67	23,052.78	33,981.45
4/1/20	6.25%	-	10,549.79	10,549.79	
10/1/20	6.25%	12,881.87	10,549.79	23,431.66	33,981.45
4/1/21	6.25%	-	10,147.23	10,147.23	
10/1/21	6.25%	13,686.99	10,147.23	23,834.22	33,981.45
4/1/22	6.25%	-	9,719.51	9,719.51	
10/1/22	6.25%	14,542.42	9,719.51	24,261.93	33,981.44
4/1/23	6.25%	-	9,265.06	9,265.06	
10/1/23	6.25%	15,451.32	9,265.06	24,716.38	33,981.44
4/1/24	6.25%	-	8,782.21	8,782.21	
10/1/24	6.25%	16,417.03	8,782.21	25,199.24	33,981.45
4/1/25	6.25%	-	8,269.18	8,269.18	
10/1/25	6.25%	17,443.10	8,269.18	25,712.28	33,981.46
4/1/26	6.25%	-	7,724.08	7,724.08	
10/1/26	6.25%	18,533.29	7,724.08	26,257.37	33,981.45
4/1/27	6.25%	-	7,144.92	7,144.92	
10/1/27	6.25%	19,691.62	7,144.92	26,836.54	33,981.46
4/1/28	6.25%	-	6,529.55	6,529.55	
10/1/28	6.25%	20,922.35	6,529.55	27,451.90	33,981.45
4/1/29	6.25%	-	5,875.73	5,875.73	
10/1/29	6.25%	22,229.99	5,875.73	28,105.72	33,981.45
4/1/30	6.25%	-	5,181.04	5,181.04	
10/1/30	6.25%	23,619.37	5,181.04	28,800.41	33,981.45
4/1/31	6.25%	-	4,442.94	4,442.94	
10/1/31	6.25%	25,095.58	4,442.94	29,538.52	33,981.46
4/1/32	6.25%	-	3,658.70	3,658.70	
10/1/32	6.25%	26,664.05	3,658.70	30,322.75	33,981.45
4/1/33	6.25%	-	2,825.45	2,825.45	
10/1/33	6.25%	28,330.56	2,825.45	31,156.01	33,981.46
4/1/34	6.25%	-	1,940.12	1,940.12	
10/1/34	6.25%	30,101.22	1,940.12	32,041.34	33,981.46
4/1/35	6.25%	-	999.45	999.45	
10/1/35	6.25%	31,982.54	999.45	32,981.99	33,981.44
		492,590.00	835,423.25	1,328,013.25	1,328,013.25

Average Coupon	6.250000%
TIC -	6.250567%
NIC -	6.250000%
Arbitrage Yield -	6.250567%
WAM -	27.14

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers
unto _____

_____ the within Bond and does hereby irrevocably constitute and appoint
_____, Attorney to transfer the said
Bond on the books kept for registration of the within Bond of the said Issuer with full
power of substitution in the premises.

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

August 29, 1996

THE BRYAN CENTRE

P. O. BOX 570

82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570

(301) 739-8800

FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING

P. O. BOX 150

14TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE PMC BUILDING, SUITE 101

P. O. BOX 628

417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

SEVENTH FLOOR, BANK ONE CENTER

P. O. BOX 1588

CHARLESTON, W. VA. 25320-1588

(304) 353-8000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1616

MORGANTOWN, W. VA. 26507-1616

(304) 598-8000

FACSIMILE (304) 598-8116

26 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25401-5429

(304) 263-6991

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City of Petersburg Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority)

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Petersburg (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$492,590 Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated August 29, 1996, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1996, at the rate of 6.25% per annum, and with principal installments payable on October 1 in each of the years 1997 through 2035, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on January 17, 1996, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 28, 1996 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bond, Series 1975, dated November 10, 1976, issued in the original aggregate principal amount of \$474,000, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject

to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Based upon the certifications of the Issuer set forth in the Certificate as to Arbitrage and under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code. The opinion set forth above is subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code relating to the applicable exceptions to rebate. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements could cause proceeds of the Bonds to be subject to such arbitrage rebate requirements retroactive to the date of issuance of the Bonds.

7. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality or county commission, political subdivision or agency thereof, and the interest on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond numbered R-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,



STEPH & JOHNSON

GEARY AND GEARY, L. C.

ATTORNEYS AT LAW

104 N MAIN STREET

P O BOX 218

PETERSBURG, WEST VIRGINIA 26847-0218

(304) 257-4155

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JAMES PAUL GEARY
JAMES PAUL GEARY, II
C. CARTER WILLIAMS

MARY JANE GEARY 1982

August 29, 1996

City of Petersburg
Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26301

Ladies and Gentlemen:

I am counsel to the City of Petersburg, in Grant County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated August 29, 1996, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the West Virginia Water Development Authority (the "Authority") and the Issuer, a Bond Ordinance duly enacted by the Issuer on January 17, 1996, as supplemented by a Supplemental Resolution duly adopted by the Issuer on August 28, 1996 (collectively, the "Bond Legislation") and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). Terms used in said opinion, Bond Legislation and Loan Agreement and not otherwise defined herein have the same meanings as therein when used herein.

I am of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

2. The Issuer has been duly created and is validly existing, and the Mayor, Recorder and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

3. The Bond Legislation has been duly adopted and enacted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute on the part of the Issuer a breach of or default under any ordinance, resolution, order, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received Final Orders of the Public Service Commission of West Virginia entered August 30, 1995, in Case No. 95-0432-W-CN, and August 6, 1996, in Case No. 96-0700-W-PC, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order dated August 6, 1996, has not expired prior to the date hereof. However, the parties to such Final Order have stated that they will not appeal such Final Order. Such Final Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

6. Except as described below, to the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Legislation, the Loan Agreement, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the pledge of the Net Revenues therefor. However, a case was filed in Grant County, West Virginia styled Welding, Inc. vs. City of Petersburg, Case No. 96-C-23, wherein Welding, Inc. sought to enjoin the City of Petersburg from awarding a water tank contract (part of the Project) to the lowest successful bidder. Welding, Inc. was an unsuccessful bidder on the water tank contract. The trial court has denied all relief requested by Welding, Inc. but Welding, Inc. has the right to appeal to the West Virginia Supreme Court of Appeals. Whether it will appeal cannot be determined at this time. In the event of an appeal, the result of such appeal cannot be predicted with certainty. It is my opinion based upon the actions of the Trial Court that the Issuer has the ability to complete the Project.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

James Paul Geary II

JPGII/ksb

CITY OF PETERSBURG

Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS
20. CONFLICT OF INTEREST
21. PUBLIC SERVICE COMMISSION ORDER

We, the undersigned MAYOR and RECORDER of the City of Petersburg, in Grant County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the \$492,590 aggregate principal amount of the City of Petersburg Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority) (the "Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Issuer enacted January 17, 1996, and a Supplemental Resolution adopted August 28, 1996 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** Except as set forth below, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Grant Receipts or the Gross

Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Grant Receipts, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds. However, an action was filed in Grant County, West Virginia, styled Welding, Inc. v. City of Petersburg, Case No. 96-C-23, wherein Welding, Inc. sought to enjoin the City of Petersburg from awarding a water tank contract (part of the Project) to the lowest successful bidder. Welding, Inc. was an unsuccessful bidder on the water tank contract. The trial court has denied all relief requested by Welding, Inc., but it has the right to appeal to the West Virginia Supreme Court of Appeals. Whether it will appeal cannot be determined at this time. In the event of an appeal, the result of such appeal cannot be predicted with certainty. However, based upon the actions of the trial court, it is the opinion of the undersigned Counsel to the Issuer that the Issuer has the ability to complete the Project.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 1996 Bonds as to liens, pledge, source of and security for payment, being the Issuer's Water Revenue Bond, Series 1975, dated November 10, 1976, issued in the original principal amount of \$474,000 (the "Series 1975 Bonds"), pursuant to an ordinance enacted by the Issuer on October 27, 1975 (the "Prior Ordinance"). The holder of the Series 1975 Bonds is the United States Department of Agriculture, Rural Utilities Service and it has given its consent to the issuance of the Series 1996 Bonds on a parity with the Series 1975 Bonds. Other than the Series 1975 Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. **CERTIFICATION OF COPIES OF DOCUMENTS:** The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport

to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Certificate of Incorporation.

Oaths of Office of City Officers and Councilmembers.

Bond Ordinance.

Supplemental Resolution.

Rate Ordinance.

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Hearing.

Affidavit of Publication of Rate Ordinance and Notice of Public Hearing.

Minutes on Adoption of Bond Ordinance and Supplemental Resolution.

Minutes on Adoption of Rate Ordinance.

Loan Agreement.

Evidence of Small Cities Block Grant.

Public Service Commission Orders entered August 30, 1995, and August 6, 1996.

West Virginia Infrastructure and Jobs Development Council Approval dated July 13, 1995.

1975 Bond Ordinance.

Consent of Prior Bondholder.

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is the "City of Petersburg." The Issuer is a municipal corporation in Grant County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, a Recorder and 5 councilmembers, all duly elected or appointed, as applicable, qualified and

acting, and whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Russell V. Hedrick, Jr.	- Mayor	November 8, 1995	June 30, 1997
Edna Harman	- Recorder	July 1, 1995	June 30, 1997
Richard Thompson	- Councilmember	July 1, 1995	June 30, 1997
Delmer Berg	- Councilmember	July 1, 1995	June 30, 1997
Chuck Kimble	- Councilmember	July 1, 1995	June 30, 1997
Richard Patch	- Councilmember	July 1, 1995	June 30, 1997
David Lipscomb	- Councilmember	November 8, 1995	June 30, 1997

The duly appointed and acting City Attorney of the Issuer is James Paul Geary, II, Esquire, of Petersburg, West Virginia.

7. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. **MEETINGS, ETC.:** All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond

Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

10. GRANTS: As of the date hereof, the grant from the Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of \$463,530 is committed and in full force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

12. RATES: The Issuer has duly enacted a rate ordinance on June 5, 1995, setting rates and charges for the services of the System and such rate ordinance is currently in effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, all dated the date hereof by his manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Bonds, being \$492,590 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Grant County Press, a newspaper published and of general circulation in the City of Petersburg, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any

person interested may appear before the Council at the public hearing held at a public meeting of Council on the 17th day of January, 1996, at 7:00 p.m., in the Council Chambers of the Petersburg City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. **PRIVATE USE OF FACILITIES:** The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

17. **NO FEDERAL GUARANTY:** The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. **IRS INFORMATION RETURN:** On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

19. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bond.

20. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

21. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on August 30, 1995, in Case No. 95-0432-W-CN, and August 6, 1996, in Case No. 96-0700-W-PC, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Final Order dated August 6, 1996, has not expired prior to the date hereof. However, the parties to such Final Order have stated that they will not appeal such Final Order. The Issuer hereby certifies that it will not appeal such Final Order. Such Final Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

WITNESS our signatures and the official seal of the CITY OF PETERSBURG
on this 29th day of August, 1996.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Russ. V. Hedrick, Jr.
Edna M. Harman
[Signature]

Mayor

Recorder

Counsel to Issuer

08/19/96
PETWJM.K3
698490/95001

CITY OF PETERSBURG

Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

I, Russell V. Hedrick, Jr., Mayor of the City of Petersburg, in Grant County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$492,590 aggregate principal amount of Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), of the Issuer, dated August 29, 1996 (the "Bonds" or "Series 1996 Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and applicable regulations (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on January 17, 1996 (the "Bond Ordinance").

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on August 29, 1996, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Bonds were sold on August 29, 1996, to the West Virginia Water Development Authority (the "Authority") for a purchase price of \$492,590 (100% of par). No accrued interest has been or will be paid on the Bonds.

6. In the Bond Ordinance, the Issuer has covenanted to not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except

as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

8. The Issuer has entered or shall promptly enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project constituting a substantial binding commitment. Acquisition, construction and equipping of the Project shall proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest (if any), proceeds deposited in the reserve account for the Bonds (if any), all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before June, 1997. Construction of the Project is expected to be completed by June, 1997.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$956,120. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of Bonds	\$492,590
Small Cities Block Grant	<u>463,530</u>
Total Sources	<u>\$956,120</u>

USES

Acquisition and Construction of Project	\$944,120
Capitalized Interest	-0-
Fund Reserve Account	-0-
Costs of Issuance	<u>12,000</u>
Total Uses	<u>\$956,120</u>

The amount of Project costs not expected to be reimbursed or paid from grant proceeds is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and the grant, no other funds of the Issuer will be available to meet costs of

the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created and/or continued:

- (1) Revenue Fund;
- (2) Reserve Account;
- (3) Sinking Fund;
- (4) Renewal and Replacement Fund;
- (5) Series 1996 Bonds Construction Trust Fund;
- (6) Series 1996 Bonds Sinking Fund; and
- (7) Within the Series 1996 Bonds Sinking Fund, the Series 1996 Bonds Reserve Account.

11. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

- (1) Bond proceeds in the amount of \$-0- will be deposited in the Series 1996 Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during acquisition and construction of the Project and for not more than six months thereafter.
- (2) Bond proceeds in the amount of \$-0- will be deposited in the Series 1996 Bonds Reserve Account.
- (3) The balance of the proceeds of the Bonds will be deposited in the Series 1996 Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

Amounts in the Series 1996 Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to

exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treas. Reg. §1.150-2(f)(2), none of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 1996 Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1996 Bonds Sinking Fund and Series 1996 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 1996 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 1996 Bonds or which are pledged as collateral for the Series 1996 Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1996 Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Series 1996 Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Series 1996 Bonds, if any, will be deposited in the Series 1996 Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1996 Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Series 1996 Bonds and will not exceed 125% of average annual principal of and interest on the Series 1996 Bonds. Amounts in the Series 1996 Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1996 Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1996 Bonds Reserve Account are required by the Authority, is vital to its purchase of the Series 1996 Bonds, and is reasonably required to assure payments of debt service on the Series 1996 Bonds.

Because amounts in the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. The Issuer has entered or will promptly enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 10 months of the date hereof.

16. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

17. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

18. With the exception of the amount deposited in the Series 1996 Bonds Sinking Fund for payment of interest on the Bonds, if any, and the amounts deposited in the Series 1996 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 10 months from the date of issuance thereof.

19. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

20. The Series 1996 Bonds Sinking Fund (other than the Series 1996 Bonds Reserve Account therein) are intended primarily to achieve a proper matching of payments of debt service on the Series 1996 Bonds each year. The Series 1996 Bonds Sinking Fund (other than the Series 1996 Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 1996 Bonds, or 1 year's interest earnings on the Series 1996 Bonds Sinking Fund (other than the Series 1996 Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1996 Bonds Sinking Fund for payment of the principal of or interest on the Series 1996 Bonds (other than the Series 1996 Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1996 Bonds Sinking Fund (other than in the Series 1996 Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

21. All the proceeds of the Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of January 9, 1996.

22. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

23. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

24. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19455.

25. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

26. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

27. The Issuer shall use the Bond proceeds solely for paying costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

28. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

29. The Bonds are not and will not be, in whole or in part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

30. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 1996, the calendar year in which the Bonds are issued, is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and

Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer. No portion of the Bonds is issued to refund other obligations.

The Issuer believes that the Authority exclusively lends bond proceeds in a manner that does not result in its bonds being private activity bonds, as defined in the Code, and the Issuer believes that the use of the proceeds by each borrower from the Authority would not result in those proceeds being private activity bonds (if viewed as a separate issue).

31. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

32. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

33. The Issuer has either (a) funded the Series 1996 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 1996 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1996 Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 1996 Bonds Reserve Account and the Series 1996 Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

34. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and any interest thereon.

35. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with any of the Bonds and (c) will be paid out of substantially the

same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Bonds.

36. The transactions contemplated herein do not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

37. The Issuer will rebate to the United States the amount required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

38. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

39. On the basis of the foregoing, it is not expected that the proceeds of any of the Bonds will be used in a manner that would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

40. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

41. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

42. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 29th day of August, 1996.

CITY OF PETERSBURG


Mayor

08/19/96
PETWJM.L3
698490/95001

CITY OF PETERSBURG

Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

ENGINEER'S CERTIFICATE

I, Robert G. Belcher, Registered Professional Engineer, West Virginia License No. 13093, of Chapman Technical Group, St. Albans, West Virginia, Consulting Engineer, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system (the "Project") of the City of Petersburg (the "Issuer"), to be constructed primarily in Grant County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer and certain grant proceeds from the Department of Housing and Urban Development (Small Cities Block Grant). Capitalized words not defined herein shall have the meaning set forth in the Bond Ordinance enacted by the Issuer on January 17, 1996, and the Loan Agreement, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated August 29, 1996.

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

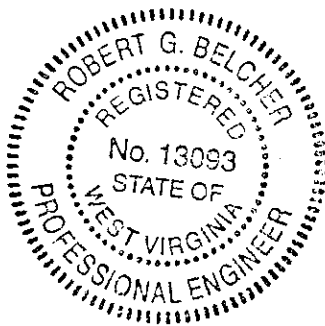
3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 40 years, (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project, (v) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed

therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 29th day of August, 1996.

CHAPMAN TECHNICAL GROUP

(SEAL)



Robert G. Belcher
West Virginia License No. 13093

08/12/96
PETWJM.M2
698490/95001

DATE: 8/9/96

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: City of Petersburg, Water
TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction	\$	<u>724,000</u>	
2.	Technical Services	\$	<u>99,000</u>	
3.	Legal and Fiscal	\$	<u>25,120</u>	
4.	Administrative	\$	<u>36,000</u>	
5.	Site and Other Lands	\$	<u> </u>	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$	<u> </u>	
7.	Interim Financing Costs	\$	<u> </u>	
8.	Contingency	\$	<u>60,000</u>	
9.	Total of Lines 1 through 8			\$ <u>944,120</u>

B. Sources of Funds

10.	Federal Grants: ¹ (Specify Source)	<u>WVSCBG</u>	\$	<u>463,530</u>	
11.	State Grants: (Specify Source)	_____	\$	<u> </u>	
		_____	\$	<u> </u>	
		_____	\$	<u> </u>	
12.	Other Grants: (Specify Source)	_____	\$	<u> </u>	
13.	Any Other Source ² (Specify)	_____	\$	<u> </u>	
14.	Total of Lines 10 through 13				\$ <u>463,530</u>
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)				\$ <u>480,590</u>

¹ Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

² For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	\$ 0	
17.	Funded Reserve Account ³	\$ 0	
18.	Other Costs ⁴	\$ 12,000	
19.	Total Cost of Financing (Lines 16 through 18)		\$ 12,000
20.	Size of Bond Issue (Line 15 plus Line 19)		\$ 492,590

Additional or explanatory material may be provided on additional sheets attached to Amended Schedule A.

Russ. V. Hedrick, Jr., Mayor 8/9/96
SIGNATURE OF AUTHORIZED
OFFICER OF APPLICANT

Robert G. Belcher
SIGNATURE OF ENGINEER

³ Consult with bond counsel and the Authority before assuming a funded reserve.

⁴ For example, fees of bond counsel for the Governmental Agency.

GOHDES & THOMAS

Certified Public Accountants

401 Maple Avenue - P.O. Box 655

MOOREFIELD, W. VA. 26836

(304) 538-2035

(304) 538-7367 (Fax)

August 29, 1996

City of Petersburg
Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the water rate ordinance of the City of Petersburg (the "Issuer") finally enacted June 5, 1995, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Region VIII Planning & Development Council, consultants, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system of the Issuer, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 120% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority) (the "Bonds"), to be issued to the West Virginia Water Development Authority and the Issuer's outstanding Water Revenue Bonds, Series 1975 (the "Prior Bonds"). It is our further opinion that the net revenues actually derived from the system during the fiscal year immediately preceding the date of issuance of the Bonds is not less than 120% of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Thalie Thomas, CPA

Certificate of Incorporation

At a regular term of Circuit Court held for the County of Grant, at the Court House thereof, in Petersburg, on the 14th day of July, 1910, on the common law side of said Court,

"A certificate under oath of B. S. Barker, George A. Judy and Jacob P. Thoburn was this day filed showing that a majority of all the qualified voters residing in the following boundaries to-wit:

Beginning at a stake on the east side of the road leading to Moorefield; thence N. $10\frac{1}{2}$ W. 57 poles to a stake, thence N. 31 W. 40 poles to a large elm in a line of Tom Helton, thence with a line of Helton S. 84 W. 74 poles to a stake, thence with another line of Helton N. 32 W. $10\frac{1}{2}$ poles to a gate post on the west side of a road leading to Tom Helton's, thence down said road following the west bank N. 1 W. 37 poles to the edge of a high bank, thence with said bank N. 67 W. 26 poles, thence N. 72 W. 20 poles to a high stone fence north of a gulley leading to the creek, thence S. $70\frac{1}{2}$ W. 32 poles to a fence post on the south side of the Petersburg and Hayes turnpike, thence with a line of Hendrickson and Ivor S. 56 poles to where Hendrickson's cross fence comes to said line, thence leaving said line, thence S. $12\frac{1}{2}$ W. 128 poles to a stone pile at the north end of the road gate to the mill race, thence same course and distance further to a large willow, then S. $46\frac{1}{2}$ E. 115 poles to a fence post on the east side of the pile at a fall in the road north of the river bridge, thence S. $83\frac{1}{2}$ E. 118.

to a water about two rods east of the mill race, thence N. 57 E. 123 rods to the beginning, containing 373 acres or 73 square rods. All of said territory lying in said County of Grant and district of Midway, have been given in such form of law in favor of the incorporation of the "Town of Petersburg" in the County of Grant, bounded as herein set forth.

- And it appearing to the satisfaction of the court that all of the provisions of Chapter 47, of the Code of West Virginia have been complied with by the application for said incorporation, and said town of Petersburg, by the name of the town of Petersburg, is duly authorized within the corporate limits aforesaid to exercise all the corporate powers conferred by the said chapter from and after the date of this certificate.

In witness whereof I hereunto set my hand and affix the seal of the Circuit Court of Grant County, West Virginia this 14th day of July A.D. 1910.

D. P. Hunderkhan.

Clerk Circuit Court, Grant Co.
W. Va.



We the commissioners of election held for the election of officers for the Town of Petersburg, do hereby certify that:

R. W. Baker received 78 votes for Mayor and is declared elected.

W. E. Hill, received 58 votes for Recorder and is declared elected.

W. A. Ervin, received 50 votes for Commissioner and is declared elected.

Frank Beathard received 47 votes for

Councilman and is declared elected.

E. W. Shobe, received 40 votes for Councilman and is declared elected.

Cal Ours, received 45 votes for Councilman and is declared elected.

Jos. B. Grov, received 40 votes for Councilman and is declared elected.

Given under our hands this 20 day of August, 1910.

Commissioners of
election, { B. S. Boker.
W. B. Hill.
Geo. A. Jandy.

August 22, 1910.

The following officers elect. of the Town of Petersburg met and qualified as follows.

We and each of us do solemnly swear that we will support the Constitution of the State of West Virginia and that we will faithfully discharge the duties of our respective offices to the best of our skill and judgment. So help me God.

Subscribed and
sworn to before me this

22nd day of August, 1910.

E. M. Sherson
Notary Public.

W. B. Baker Mayor,
W. E. Hill Recorder.

W. A. Kevin
Frank Breathed
Chas W Shobe
Cal Ours
John B Grov } Councilmen.

There being no other business
the Council adjourned to meet
August 23, 1910, at 7 o'clock P.M.

W. B. Baker Mayor,
W. E. Hill Recorder.

CITY OF PETERSBURG

P.O. BOX 669

PETERSBURG, W. VA.

26847

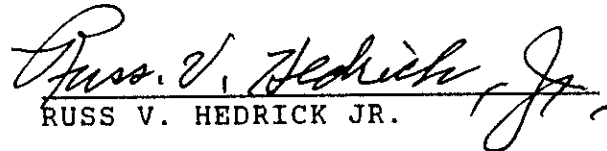
(304) 257-4944

Incorporated 1910

NOVEMBER 8, 1995

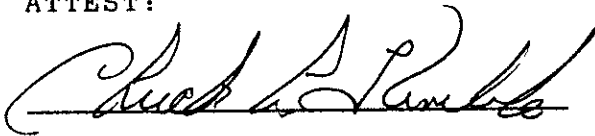
STATE OF WEST VIRGINIA
COUNTY OF GRANT
CITY OF PETERSBURG

I, THE UNDERSIGNED, RUSS. V. HEDRICK JR. DO SOLEMNLY
SWEAR THAT I WILL UPHOLD AND DEFEND THE CONSTITUTION OF THE
UNITED STATES OF THE STATE OF WEST VIRGINIA AND THE LAWS AND
THE ORDINANCES OF THE CITY OF PETERSBURG; THAT I WILL WELL
AND FAITHFULLY SERVE AS MAYOR FOR THE CITY OF PETERSBURG TO
THE BEST OF MY ABILITY, SO HELP ME GOD.


RUSS V. HEDRICK JR.

William F. Ewing, Jr., Mayor

ATTEST:




EDNA M. HARMAN, RECORDER/CLERK

CITY OF PETERSBURG

P.O. BOX 669

PETERSBURG, W. VA.

26847

(304) 257-4944

Incorporated 1910

NOVEMBER 8, 1995

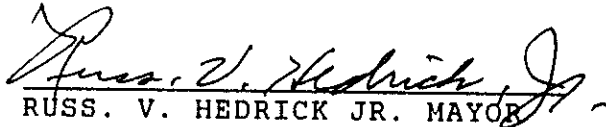
STATE OF WEST VIRGINIA
COUNTY OF GRANT
CITY OF PETERSBURG

I, THE UNDERSIGNED, DAVID LIPSCOMB. DO SOLEMNLY SWEAR
THAT I WILL UPHOLD AND DEFEND THE CONSTITUTION OF THE UNITED
STATES OF THE STATE OF WEST VIRGINIA AND THE LAWS AND THE
ORDINANCES OF THE CITY OF PETERSBURG; THAT I WILL WELL AND
FAITHFULLY SERVE AS A CITY COUNCILMAN FOR THE CITY OF
PETERSBURG TO THE BEST OF MY ABILITY, SO HELP ME GOD.


DAVID LIPSCOMB

Willard Gule, II, Mayor

ATTEST:


RUSS. V. HEDRICK JR. MAYOR


EDNA M. HARMAN, RECORDER/CLERK

RECORDER

I, EDNA M. HARMAN DO SOLEMNLY SWEAR THAT I WILL UPHOLD AND DEFEND THE CONSTITUTION OF THE UNITED STATES AND OF THE STATE OF WEST VIRGINIA AND THAT I WILL TO THE BEST OF MY ABILITY, WILL AND FAITHFULLY DISCHARGE THE DUTIES OF RECORDER FOR THE CITY OF PETERSBURG.

Edna Harman

EDNA HARMAN

COUNCILMEN

WE, RICHARD THOMPSON, RUSS HEDRICK, DELMER BERG, CHUCK KIMBLE, AND RICHARD (DICK) PATCH DO SOLEMNLY SWEAR THAT WE WILL UPHOLD AND DEFEND THE CONSTITUTION OF THE UNITED STATES AND OF THE STATE OF WEST VIRGINIA AND THAT WE WILL TO THE BEST OF OUR ABILITY, WILL AND FAITHFULLY DISCHARGE THE DUTIES OF COUNCILMEN OF THE CITY OF PETERSBURG

Richard Thompson

RICHARD THOMPSON

Russ Hedrick, Jr.

RUSS HEDRICK

Delmer Berg

DELMER BERG

Chuck Kimble

CHUCK KIMBLE

Richard Patch

RICHARD (DICK) PATCH

STATE OF WEST VIRGINIA
COUNTY OF GRANT, TO WIT

I, THE UNDERSIGNED LARRY OURS, GRANT COUNTY MAGISTRATE DO CERTIFY THAT I HAVE THIS DATE ADMINISTERED THE FOREGOING OATHS TO THE DULY ELECTED RECORDER AND COUNCILMEN FOR THE CITY OF PETERSBURG.

GIVEN UNDER MY HANDS THIS 23RD. DAY OF JUNE, 1995

Larry W. Ours

LARRY OURS
GRANT COUNTY MAGISTRATE

EXHIBIT A

AN AMENDED ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES, AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF PETERSBURG, WEST VIRGINIA:

THE CITY COUNCIL OF THE CITY OF PETERSBURG, WEST VIRGINIA, HEREBY ORDAINS:
The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to all customers, including personal, business, and all others, of the water system of the City of Petersburg throughout the territory served.

SCHEDULE OF RATES

RATES, FEES, CHARGES, AND
DELAYED PAYMENT PENALTIES

APPLICABILITY:

Applicable in entire area served.

AVAILABILITY OF SERVICE:

Available for general domestic and commercial water service.

RATES: (Based upon the metered amount of water supplied, plus applicable taxes):

GALLONS

First: 2,000 gallons used per month (or any fraction thereof)	\$6.12
Next: 2,001 gallons to 30,000 gallons used per month	\$2.15 per 1,000 gallons per month
Next: 30,001 gallons to 66,000 gallons used per month	\$1.72 per 1,000 gallons per month
Next: 66,001 gallons to 100,000 gallons used per month	\$1.34 per 1,000 gallons per month
Next: 100,001 gallons or more used per month	\$1.31 per 1,000 gallons per month

MINIMUM CHARGE:

No bill will be rendered for less than \$6.12 per month, plus applicable taxes.

DELAYED PAYMENT PENALTY:

A 10% penalty shall be added to all charges not paid within twenty (20) days from the date of billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

SHUT OFF AND TURN ON FEE:

Each shut off fee	\$15.00
Each turn on fee	\$15.00

WATER TAP FEES:

The following tap fees shall apply for all new services and changes in size of existing meters, when requested by the customer:

<u>METER SIZE (INCHES)</u>	<u>FEES</u>
5/8" & 3/4"	\$ 600.00
1"	\$ 800.00
1 1/2"	\$ 1,250.00
2"	\$ 1,500.00

DEPOSIT FEE:

All new customers may be required to pay a deposit fee of one-twelfth (1/12) of the estimated annual charge to the customer for such service, which shall be retained by the City for one (1) year from the date of deposit, and shall be refunded to customer after one (1) year, upon written request, provided all water bills are then paid in full to date.

After effective date of this ordinance, any customer who is delinquent and has not paid two (2) consecutive monthly bills until final notice cut off date, or thereafter, shall be required to pay a deposit to the City, which shall be refunded to customer after one (1) year, upon written request, provided that during said one (1) year period, customer shall have paid all monthly bills on or before the 20th day of each month after date of bill.

CUSTOMER'S LEGAL RESPONSIBILITY:

All customers shall be legally responsible for all costs in connecting to City water meter, and for all future maintenance and upkeep of their water line. If customer moves to new location within City's service area, any previous deposit or money owed will be transferred to customer's new location. If customer is a tenant, and neither tenant nor landlord notifies City to shut off meter, then landlord shall be responsible for payment of all future water bills until City is notified.

EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective on October 1, 1995, more than 45 days after the enactment hereof.

The above ordinance shall set rates on an interim basis and the above rates shall be in effect until December 31, 1996. Prior to December 31, 1996, the City will enact a further ordinance making more long term adjustments to rates to take effect subsequent to December 31, 1996, as finally adjudicated by the West Virginia Public Service Commission.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of

competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE OF PUBLIC HEARING

Following introduction hereof, the Recorder shall publish a copy of this proposed Ordinance as a legal advertisement in the Grant County Press, being the only newspaper published and of general circulation in the City of Petersburg, West Virginia, and said notice shall state that this Ordinance has been introduced, and that any and all persons and customers of the water system of the City of Petersburg may appear before the Council on Wednesday, May 31, 1995, at 2:00 p.m., at the offices of the City of Petersburg, located at 21 Mountain View Street, at which time all interested parties may appear at said meeting and be heard with respect to the proposed Ordinance. Copies of the proposed Ordinance shall be kept at the City Office Building and will be made available for public inspection. At the scheduled hearing, all objections and suggestions shall be heard, and the Council shall take such action as it shall deem proper in the premises. The City of Petersburg does hereby give the above legal notice to its customers of its intent to effect the hereinbefore listed rate changes and that the amended Ordinance hereinbefore set forth shall be considered for final adoption by the Council at its regular meeting on Monday, June 5, 1995, at 7:00 p.m., at the offices of the City of Petersburg.

CITY OF PETERSBURG,
a municipal corporation,

BY: Gillie Dodd
Gillie Dodd, Mayor

ATTEST: Edna M. Harman
Edna M. Harman, City Recorder

CALLER SPECIAL MEETING, MAY 18, 1995

A Special Meeting was held on May 18, 1995 at City Hall, those present were Recorder Edna Harman, Councilmen Arlyn Arnold, David Lipscomb, Otis Sites, and Guy Turley.

A motion was made by Councilman Arnold to accept the first reading on the amended ordinance of rates and charges for the Water System with Interem Period included. Councilman David Lipscomb second the motion, motion carried.

MEETING ADJOURNED 2:30 p.m.

CALLER SPECIAL MEETING, MAY 25, 1995

The Petersburg City Council met in Open Session on May 25, 1995. Those present were Mayor Gillie Dodd, Edna Harman, Councilmen Arlyn Arnold, David Lipscomb, and Guy Turley, also present was Attorney Harry McCulloh.

(1) WATER ORDINANCE SECOND READING
A motion was made

A motion was made by Councilman Guy Turley to approve the 2nd reading of the Water Ordinance. Councilman Arlyn Arnold second the motion, motion carried.

(2) AGREEMENT BETWEEN CITY OF PETERSBURG AND GRANT COUNTY
PUBLIC SERVICE DISTRICT
A motion picture of the City of Petersburg and Grant County Public Service District, showing the city and county, the public service district, and the city and county public service district.

A motion was made by Councilman Guy Turley to approve an agreement between the City of Petersburg, and Grant County Public Service District dated May 22, 1995. Councilman David Lipscomb second the motion, motion carried. (EXAMPLE OF WATER ORDINANCE IS ATTACHED TO MINUTES)

(3) JOINT MOTION WITH GRANT COUNTY PUBLIC SERVICE AND PUBLIC SERVICE COMMISSION ATTORNEYS'

City
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MONDAY, JUNE 5, 1995

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The regular Council Meeting was held on Monday, June 5, 1995 at 7:00 p.m. Those present were Mayor Gillie Dodd, Recorder Edna Harman, Councilmen Arlyn Arnold, Roger Lewis, David Lipscomb, Otis Sites, and Guy Turley, also present was Chief James Jones, Waste Water Superintendent Lloyd Brightwell, Street Dept. Supervisor Gary Burr. Also James Cookman whom presented a Building Permit before Council.

MEETING TO ORDER

was
Gary

Correction of minutes on page 3 repeating Councilman Lipscomb name two (2) times.

A motion was made by Councilman Lipscomb to approve the minutes as amended. Councilman Turley second the motion, motion carried.

THIRD READING OF WATER ORDINANCE

✓ A motion was made by Councilman Turley to approve the third reading on an amended ordinance establishing and fixing rates, fees charges and delayed payment penalty charges for service to customers of the water system of the City of Petersburg, West Virginia. Councilman Sites second the motion. Polled Votes as follows: Guy Turley-yes, Otis Sites-yes, Arlyn Arnold-yes, David Lipscomb-yes, Roger Lewis-yes, motion carried.

GRANT COUNTY PUBLIC SERVICE REPORT--MONTH OF MAY

GRANT COUNTY DISTRICT--5 NEW CUSTOMERS--15,000 GALLONS
DORCAS DISTRICT-----1 NEW CUSTOMER--- 3,000 GALLONS
TOTAL-----6 NEW CUSTOMERS--18,000 GALLONS

REQUESTS FROM GRANT MEMORIAL HOSPITAL

Robert Harman, Administrator at Grant Memorial Hospital requested that on behalf of the County Commission and Board of Trustees a waiver of the various fees associated with obtaining the building permit for the Hospital construction project.

A motion was made by Councilman Turley to check if Grant County Nursing Home's Building Permit was waived when addition was added on. Also when permit is issued to Grant Memorial it should state that, water and Sewer Lines must be checked by each department before they are covered. Councilman Sites second the motion, motion carried.

WELDING INCORPORATED

Welding Incorporated filed an injunction against the City of Petersburg concerning the installation of a Water Glass Tank. Hearing date was set for June 8, 1995, but was canceled.

Certificate of Publication

State of West Virginia
County of Grant, to-wit:

The undersigned hereby certifies that
the annexed notice was duly pub-
lished in the

Grant County Press

a weekly newspaper published at
Petersburg, Grant County, West Vir-
ginia, for 2 consecutive weeks
ending on the 13th day of
June, 1995.

GRANT COUNTY PRESS

By

William E. French
Editor

Publishing Notice \$ 108.79

Hand Bills _____

Miscellaneous _____

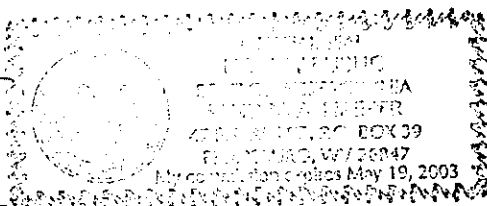
Total \$ 108.79

Sworn before me on this the 13 th

day of August, 1996.

James A. Harper
Notary Public

May 19, 2003
My Commission Expires



Legal advertisements

AN AMENDED ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF PETERSBURG, WEST VIRGINIA:

THE CITY COUNCIL OF THE CITY OF PETERSBURG, WEST VIRGINIA, HEREBY ORDAINS: The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to all customers, including personal, business, and all others, of the water system of the City of Petersburg throughout the territory served.

SCHEDULE OF RATES RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTIES

APPLICABILITY:

Applicable in entire area served.

AVAILABILITY OF SERVICE:

Available for general domestic and commercial water service.

RATES: (Based upon the metered amount of water supplied, plus applicable taxes):

GALLONS

First: 2,000 gallons used per month (or any fraction thereof)	\$6.12
Next: 2,001 gallons to 30,000 gallons used per month	\$2.15 per 1,000 gallons per month
Next: 30,001 gallons to 66,000 gallons used per month	\$1.72 per 1,000 gallons per month
Next: 66,001 gallons to 100,000 gallons used per month	\$1.34 per 1,000 gallons per month
Next: 100,001 gallons or more used per month	\$1.31 per 1,000 gallons per month

MINIMUM CHARGE:

No bill will be rendered for less than \$6.12 per month, plus applicable taxes.

DELAYED PAYMENT PENALTY:

A 10% penalty shall be added to all charges not paid within twenty (20) days from the date of billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

SHUT OFF AND TURN ON FEE:

Each shut off fee	\$15.00
Each turn on fee	\$15.00

WATER TAP FEES:

The following tap fees shall apply for all new services and changes in size of existing meters, when requested by the customer:

METER SIZE (INCHES)	FEES
5/8" & 3/4"	\$ 600.00
1"	\$ 800.00
1 1/2"	\$ 1,250.00
2"	\$ 1,500.00

DEPOSIT FEE:

All new customers may be required to pay a deposit fee of one-twelfth (1/12) of the estimated annual charge to the customer for such service, which shall be retained by the City for one (1) year from date of deposit, and shall be refunded to customer after one (1) year, upon written request, provided water bills are then paid in full to date.

After effective date of this ordinance, any customer who is delinquent and has not paid two (2) consecutive monthly bills until final notice cut off date, or thereafter, shall be required to pay a deposit to the City, which shall be refunded to customer after one (1) year, upon written request, provided that during said one (1) year period, customer shall have paid all monthly bills on or before the 20th day of each month after date of bill.

CUSTOMER'S LEGAL RESPONSIBILITY:

All customers shall be legally responsible for all costs in connecting to City water meter, and for all future maintenance and upkeep of their water line. If customer moves to new location within City's service area, any previous deposit or money owed will be transferred to customer's new location. If customer is a tenant, and neither tenant nor landlord notifies City to shut off meter, then landlord shall be responsible for payment of all future water bills until City is notified.

EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective on October 1, 1995, more than 45 days after the enactment hereof.

The above ordinance shall set rates on an interim basis and the above rates shall be in effect until December 31, 1996. Prior to December 31, 1996, the City will enact a further ordinance making more long term adjustments to rates to take effect subsequent to December 31, 1996, as finally adjudicated by the West Virginia Public Service Commission.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE OF PUBLIC HEARING

Following introduction hereof, the Recorder shall publish a copy of this proposed Ordinance as a legal advertisement in the Grant County Press, being the only newspaper published and of general circulation in the City of Petersburg, West Virginia, and said notice shall state that this Ordinance has been introduced, and that any and all persons and customers of the water system of the City of Petersburg may appear before the Council on Wednesday, May 31, 1995, at 2:00 p.m., at the Office of the City of Petersburg, located at 21 Mountain View Street, at which time all interested parties may appear at said meeting and be heard with respect to the proposed Ordinance. Copies of the proposed Ordinance shall be kept at the City Office Building and will be made available for public inspection. At the scheduled hearing, all objections and suggestions shall be heard, and the Council shall take such action as it shall deem proper in the premises. The City of Petersburg does hereby give the above legal notice to its customers of its intent to effect the hereinbefore listed rate changes and that the amended Ordinance hereinbefore set forth shall be considered for final adoption by the Council at its regular meeting on Monday, June 5, 1995, at 7:00 p.m., at the office of the City of Petersburg.

CITY OF PETERSBURG, A MUNICIPAL CORPORATION,
BY: GILLIE DODD, MAYOR

ATTEST: EDNA M. HARMAN, CITY RECORDER

Mr. Gimmel was present for the cable discussion, he brought copies of the revisions of the Franchise in which he asked Council to consider adopting.

David (Porky) VanMeter also participated in the conversation concerning Triax Cablevision, and he advised that the City of Petersburg consider writing up what the City wants from Triax and the City sign a short term agreement with Triax.

A motion was made by Councilman Dick Patch to have Attorney Geary to review the Triax Franchise, give city an opinion and return agreement to Mr. Kimmel, Councilman Berg second the motion, motion carried.

DECISION BY ZONING HEARING BOARD

Zoning Hearing Board members Jenny Rexroad, Judy Hahn, and Mr. Kenneth Jordon decision was to grant Adkins Properties a variance to move their business office to 206 North Main Street, and if and when he moves his business, it will then return to R1 Zoning.

STREET LEVY ELECTION

It was announced that the Street Levy Election will be held on December 14, 1995.

FIRST READING ON THE WATER BOND ORDINANCE

12/6/95
An Ordinance authorizing the acquisitions and construction of extensions, additions, betterments and improvements to the Public Waterworks system of the City of Petersburg.

✓ A motion was made by Councilman Patch that the first reading be ordained and enacted by the Council in relation to the first reading of the Water Bond Ordinance. Councilman Thompson second the motion, motion carried.

MUNICIPAL LICENSE TAX

Attorney Harry McCulloh researched the state codes and advised Council the rates set by the state board for many of the professions and activities specified can be and have been increased or decreased annually, he said the annual updating is really necessary for the City of Petersburg. He advised updating Chapter four of the Petersburg City Ordinances.

A motion was made by Councilman Thompson to update Chapter four on Municipal License Tax under the advisement of Attorney Harry McCulloh, Councilman Kimble second the motion, motion carried.

PHYLLIS COLE

It was agreed upon by Council to give Mayor Hedrick permission to continue working with Chamber in reference to Phyllis Cole keeping the position as Dike Coordinator.

DISPOSITION OF REDMAN SUIT AGAINST

The lawsuit in which Garv Redman sued the City under

20

Le

A motion was made by Councilman Thompson to accept the Challenged Vote of Mary Clark. Councilman Kimble second the motion, motion carried.

The above challenged voter were considered as living within the Municipality. And they have also been a resident of Municipality over six (6) months.

Three voted in favor of levy, one voted against the levy making it a total of one hundred and fifty seven for the levy and twenty eight against the levy.

SECOND READING ON THE WATER BOND ORDINANCE

12/20/95
The Council heard the second reading of an Ordinance authorizing the acquisitions and construction of extensions, addition, betterments and improvements to the Public Waterworks System of the City of Petersburg.

✓ A motion was made by Councilman Patch that the second reading be ordained and enacted by the Council in relation to the Second reading of the Water Bond Ordinance. Councilman Lipscomb second the motion, motion carried.

BUILDING PERMITS/KENT HUDGINS

Wm. Kent Hudgins appeared before Council requesting that the Council waiver a permit for him to subdivide lot on the Corner of Highland Avenue and Pine Street, lot size is 80 by 150 feet, and if agreeable with Council to Subdivide lot, he presented plans to construct a 28' by 28' residence on the subdivided land.

After some discussion a motion was made by Councilman Kimble to grant a variance to Wm Kent Hudgins to subdivide his lot on the Corner of Highland Avenue and Pine Street and to approve Building Permit #5663. Councilman Thompson second the motion, motion carried.

Mayor

Recorder

PUBLIC HEARING AND JANUARY COUNCIL MEETING
JANUARY 17, 1996-9:00 AM

PUBLIC HEARING

The Petersburg Mayor, Recorder, and City Council, met to hear any comments regarding the acquisition and construction of extension, additions betterments and improvements to the public waterworks system of the City of Petersburg and the financing of the cost, not otherwise provided, thereof through the issuance by the City of not more than \$500,000. in aggregate principal amount of water revenue bonds. No public comments were made in relation to the Public Hearing on the Water Revenue Bonds, Series 1996.

Present for the Public Hearing and the Open Session council meeting was Mayor Russ Hedrick, Recorder Edna Harman, Councilmen Delmer Berg, Chuck Kimble, David Lipscomb, Richard Patch, and Richard Thompson. Also, present representing the Chamber of Commerce was John Harper, and William Kline.

THIRD READING ON WATER REVENUE BONDS

1/17/96 A motion was made by Councilman Thompson to approve the third reading on the Series 1996 Water Revenue Bonds, Councilman Patch second the motion, motion carried.

BETTY MCCARTNEY

Betty McCartney spoke with Council concerning cable matters, billing, etc.

Mayor Hedrick stated he would speak with Triax concerning charging for cable service when the cable is out of service.

MINUTES

A motion was made by Councilman Patch to approve the minutes as read, Councilman Lipscomb second the motion, motion carried.

COMMISSION REPORTS

REFUSE

Reported that 89.15 tons of refuse was taken to the landfill. Also, informed council of trouble with new truck's air brakes freezing up. Cost \$350.00 to \$400.00 for Air Brake Dryer.

A motion was made by Councilman David Lipscomb to install Air Brake Dryer on truck, Councilman Thompson second the motion, motion carried.

Mr. Gimmel was present for the cable discussion, he brought copies of the revisions of the Franchise in which he asked Council to consider adopting.

David (Porky) VanMeter also participated in the conversation concerning Triax Cablevision, and he advised that the City of Petersburg consider writing up what the City wants from Triax and the City sign a short term agreement with Triax.

A motion was made by Councilman Dick Patch to have Attorney Geary to review the Triax Franchise, give city an opinion and return agreement to Mr. Kimmel, Councilman Berg second the motion, motion carried.

DECISION BY ZONING HEARING BOARD

Zoning Hearing Board members Jenny Rexroad, Judy Hahn, and Mr. Kenneth Jordon decision was to grant Adkins Properties a variance to move their business office to 206 North Main Street, and if and when he moves his business, it will then return to R1 Zoning.

STREET LEVY ELECTION

It was announced that the Street Levy Election will be held on December 14, 1995.

FIRST READING ON THE WATER BOND ORDINANCE

12/1/95 An Ordinance authorizing the acquisitions and construction of extensions, additions, betterments and improvements to the Public Waterworks system of the City of Petersburg.

✓ A motion was made by Councilman Patch that the first reading be ordained and enacted by the Council in relation to the first reading of the Water Bond Ordinance. Councilman Thompson second the motion, motion carried.

MUNICIPAL LICENSE TAX

Attorney Harry McCulloh researched the state codes and advised Council the rates set by the state board for many of the professions and activities specified can be and have been increased or decreased annually, he said the annual updating is really necessary for the City of Petersburg. He advised updating Chapter four of the Petersburg City Ordinances.

A motion was made by Councilman Thompson to update Chapter four on Municipal License Tax under the advisement of Attorney Harry McCulloh, Councilman Kimble second the motion, motion carried.

PHYLLIS COLE

It was agreed upon by Council to give Mayor Hedrick permission to continue working with Chamber in reference to Phyllis Cole keeping the position as Dike Coordinator.

DISPOSITION OF REDMAN SUIT AGAINST

The lawsuit in which Gary Redman was named...

Certificate of Publication

State of West Virginia
County of Grant, to-wit:

The undersigned hereby certifies that
the annexed notice was duly pub-
lished in the

Grant County Press

a weekly newspaper published at
Petersburg, Grant County, West Vir-
ginia, for 2 consecutive weeks
ending on the 2nd day of
January, 1996.

GRANT COUNTY PRESS

By

William E. Fuchs
Editor

Publishing Notice \$ 65.21

Hand Bills _____

Miscellaneous _____

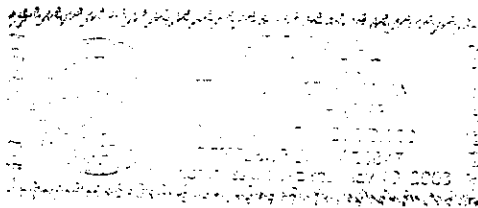
Total \$ 65.21

Sworn before me on this the 5th

day of January, 1996.

James J. Harper
Notary Public

May 19, 2003
My Commission Expires



**CITY OF PETERSBURG
NOTICE OF PUBLIC HEARING
ON
WATER REVENUE
BOND ORDINANCE**

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Petersburg to be held on January 8, 1996, at 7:00 p.m., in the Council chambers at the Petersburg City Hall, 22 Mountain View Street, Petersburg, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC WATERWORKS SYSTEM OF THE CITY OF PETERSBURG AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROV-

ING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the City of Petersburg on December 20, 1995.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City of Petersburg contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public waterworks facilities of the City of Petersburg. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the City Clerk of the City of Petersburg for review by interested parties during regular office hours.

Following said public hearing, the Council intends to enact said Ordinance upon final read-

Dated: December 26, 1995

**EDNA HARMAN
CITY CLERK**

12/26-1/2

FILE COPY

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

BANK ONE CENTER

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

August 29, 1996

City of Petersburg

Water Revenue Bonds, Series 1996

(West Virginia Water Development Authority)

SEVENTH FLOOR, BANK ONE CENTER
P. O. BOX 1568
CHARLESTON, W. VA. 25326-1568
(304) 353-8000
FACSIMILE (304) 353-8180

1000 HAMPTON CENTER
P. O. BOX 1818
MORGANTOWN, W. VA. 26507-1818
(304) 598-8000
FACSIMILE (304) 598-8118

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25401-5429
(304) 263-6991
FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET
P. O. BOX 100
CHARLES TOWN, W. VA. 25414-0100
(304) 725-1414
FACSIMILE (304) 725-1913

THE BRYAN CENTRE
P. O. BOX 570
82 WEST WASHINGTON STREET, FOURTH FLOOR
HAGERSTOWN, MARYLAND 21740-0570
(301) 739-8600
FACSIMILE (301) 739-8742

FOURTH FLOOR - RILEY BUILDING
P. O. BOX 150
14TH AND CHAPLINE STREETS
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE PNC BUILDING, SUITE 101
P. O. BOX 628
417 GRAND PARK DRIVE
PARKERSBURG, W. VA. 26102-0628
(304) 422-6483
FACSIMILE (304) 422-6482

WRITER'S DIRECT DIAL NUMBER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bonds. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

Francesca Tan

Francesca Tan

FT/jmm

Enclosures

Copy of letter with enclosures to:

Samme L. Gee, Esquire

Honorable Russell V. Hedrick, Jr.

08/23/96

8038.LTR

698490/95001

Form **8038-G****Information Return for Tax-Exempt Governmental Obligations**

(Rev. May 1995)

► Under Internal Revenue Code section 140(e)

► See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

(Note: Use Form 8038-GC if the issue price is under \$100,000.)

Reporting AuthorityIf Amended Return, check here ☐

1 Issuer's name

City of Petersburg

2 Issuer's employer identification number

55 : 6000231

3 Number and street (or P.O. box if mail is not delivered to street address)

P. O. Box 669

Room/suite

4 Report number

G19 96 - 1

5 City, town, or post office, state, and ZIP code

Petersburg, West Virginia 26847

6 Date of issue

August 29, 1996

7 Name of issue

City of Petersburg

8 CUSIP number

N/A

Water Revenue Bonds, Series 1996 (WW Water Development Authority)

Part II Type of Issue (check applicable box(es) and enter the issue price)

9	<input type="checkbox"/> Education (attach schedule—see instructions)	9	\$
10	<input type="checkbox"/> Health and hospital (attach schedule—see instructions)	10	
11	<input type="checkbox"/> Transportation	11	
12	<input type="checkbox"/> Public safety	12	
13	<input checked="" type="checkbox"/> Environment (including sewage bonds)	13	\$492,590
14	<input type="checkbox"/> Housing	14	
15	<input type="checkbox"/> Utilities	15	
16	<input type="checkbox"/> Other. Describe (see instructions) ►	16	
17	If obligations are tax or other revenue anticipation bonds, check box ► <input type="checkbox"/>		
18	If obligations are in the form of a lease or installment sale, check box ► <input type="checkbox"/>		

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity.	10/1/2035	6.250 %	\$31,982.54	\$31,982.54			
20 Entire issue			\$492,590	\$492,590	27.140 years	6.251 %	6.250 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

21	Proceeds used for accrued interest	21	-0-
22	Issue price of entire issue (enter amount from line 20, column (c))	22	\$492,590
23	Proceeds used for bond issuance costs (including underwriters' discount)	23	\$12,000
24	Proceeds used for credit enhancement	24	-0-
25	Proceeds allocated to reasonably required reserve or replacement fund	25	-0-
26	Proceeds used to currently refund prior issues	26	-0-
27	Proceeds used to advance refund prior issues	27	-0-
28	Total (add lines 23 through 27)	28	\$12,000
29	Nonrefunding proceeds of the issue (subtract line 28 from line 22 and enter amount here)	29	\$480,590

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

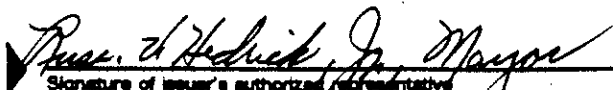
N/A

30	Enter the remaining weighted average maturity of the bonds to be currently refunded	►	_____ years
31	Enter the remaining weighted average maturity of the bonds to be advance refunded	►	_____ years
32	Enter the last date on which the refunded bonds will be called	►	_____
33	Enter the date(s) the refunded bonds were issued	►	_____

Part VI Miscellaneous

34	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	34	-0-
35	Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract	►	_____
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input checked="" type="checkbox"/> and enter the name of the issuer	West Virginia Water Development Authority and the date of the issue	
38	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	January 9, 1996	
39	If the issuer has identified a hedge, check box <input type="checkbox"/>		

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Please
Sign
Here**


8/29/96

Signature of issuer's authorized representative

Date

Russell V. Hedrick, Jr., Mayor

Type or print name and title

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: August 29, 1996

(See Reverse for Instructions)

ISSUE: City of Petersburg Water Revenue Bonds, Series 1996 (WV Water Development Authority)

ADDRESS: P. O. Box 669, Petersburg, WV 26847

COUNTY: Grant

PURPOSE New Money ☒ X

OF ISSUE: Refunding ☐ Refunds issue(s) dated: _____

ISSUE DATE: August 29, 1996

CLOSING DATE: August 29, 1996

ISSUE AMOUNT: \$ 492,590

RATE: 6.25%

1st DEBT SERVICE DUE: 10/01/96

1st PRINCIPAL DUE: 10/01/97, \$3,194.58

1st DEBT SERVICE AMOUNT: \$2,736.61

PAYING AGENT: Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

CLOSING BANK: Potomac Valley Bank

Contact Person: John Harper

Phone: 257-1244

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Russell V. Hedrick, Jr.

Position: Mayor

Phone: 257-4944

FAX: _____

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

ESCROW TRUSTEE:

Contact Person: _____

Phone: _____

OTHER:

Contact Person: _____

Function: _____

Phone: _____

DEPOSITS TO MBC AT CLOSE:

By ☐ Wire
☐ Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By ☐ Wire
☐ Check
☐ IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

CITY OF PETERSBURG

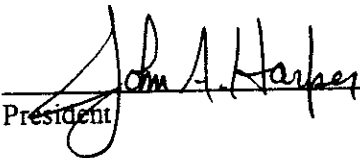
Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

POTOMAC VALLEY BANK, a state banking corporation, with its principal office in Petersburg, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the City of Petersburg (the "Issuer"), duly enacted by the Issuer on January 17, 1996, and a Supplemental Resolution duly adopted by the Issuer on August 28, 1996 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated August 29, 1996, in the principal amount of \$492,590 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Bond Legislation.

WITNESS my signature as of this 29th day of August, 1996.

POTOMAC VALLEY BANK



President

08/12/96
PETWJM.O2
698490/95001

CITY OF PETERSBURG

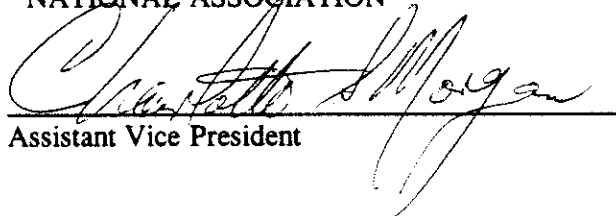
Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Petersburg Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority), dated August 29, 1996, in the principal amount of \$492,590 (the "Bonds") and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature as of this 29th day of August, 1996.

ONE VALLEY BANK,
NATIONAL ASSOCIATION


Assistant Vice President

08/12/96
PETWJM.P2
698490/95001

CITY OF PETERSBURG

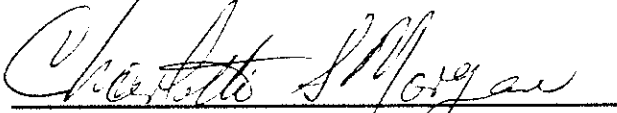
Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement in connection with the above-captioned bond of the City of Petersburg (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered City of Petersburg Water Revenue Bond, Series 1996 (West Virginia Water Development Authority), of the Issuer, dated August 29, 1996, in the principal amount of \$492,590, numbered R-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 29th day of August, 1996.

ONE VALLEY BANK,
NATIONAL ASSOCIATION


Assistant Vice President

08/12/96
PETWJM.Q2
698490/95001

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 29th day of August, 1996, by and between the CITY OF PETERSBURG, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$492,590 aggregate principal amount of Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority) in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted January 17, 1996, and a Supplemental Resolution of the Issuer duly adopted August 28, 1996 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: City of Petersburg
P. O. Box 669
Petersburg, West Virginia 26847
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

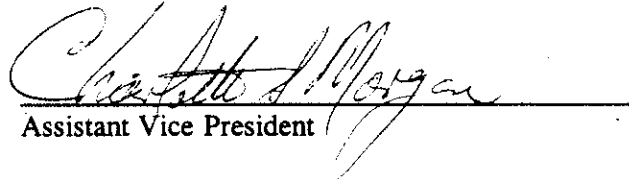
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the CITY OF PETERSBURG and ONE VALLEY BANK, NATIONAL ASSOCIATION have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CITY OF PETERSBURG


Mayor

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

08/12/96
PETWJM.R2
698490/95001

EXHIBIT A

[Included in transcript as Documents No. 1 and 2]

Invoice

ONE VALLEY
BANK

HONORABLE RUSSELL V. HEDRICK, JR.
MAYOR
CITY OF PETERSBURG
P O BOX 669
PETERSBURG WV 26847

DATE AUGUST 29, 1996

UNITS	ITEM DESCRIPTION	TOTAL
	CITY OF PETERSBURG, WV WATER REVENUE BONDS, SERIES 1996 (WDA)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	\$500.00

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATTN: CHARLOTTE S MORGAN

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

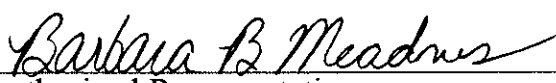
TO: One Valley Bank, National Association, Trustee

- A. Name of Governmental Agency to which payment is to be made: City of Petersburg, West Virginia
- B. Total Amount to be paid: \$492,590
- C. Certification by Water Development Authority.

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of August 29, 1996, said Governmental Agency has sold its City of Petersburg, West Virginia Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority) (the "Local Bond") to the Authority in the principal amount equal to the amount of the Loan set forth in (B) above, that such Governmental Agency is obligated to make Local Bond Payment and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bond Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bond, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come do.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.



Authorized Representative
West Virginia Water Development Authority

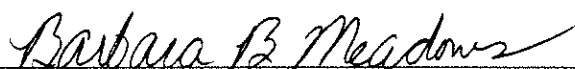
DATE: August 29, 1996

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank National Association, Charleston, West Virginia, City of Petersburg, West Virginia \$492,590 Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority) numbered AR-1, standing in the name of the West Virginia Water Development Authority on the books of registration of said Governmental Agency.

Dated: August 29, 1996

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY



Authorized Representative

CHASFS3:48026

CITY OF PETERSBURG

\$474,000 Water Revenue Bond,
Series 1975

BOND ORDINANCE

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CITY OF PETERSBURG

ORDINANCE AUTHORIZING THE ISSUANCE OF A \$474,000 WATER REVENUE BOND, SERIES 1975, OF THE CITY OF PETERSBURG, TO FINANCE IMPROVEMENT AND MODIFICATION OF AND ADDITIONS AND BETTERMENTS TO AN EXISTING WATERWORKS OF THE CITY; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR RATES FOR THE SERVICES OF THE WATERWORKS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED AND ENACTED BY THE CITY OF THE CITY OF PETERSBURG:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is enacted pursuant to the provisions of Article 19, Chapter 8 of the West Virginia Code and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The City of Petersburg (herein called the "City"), in the County of Grant, State of West Virginia, now owns a waterworks and water plant facilities but such waterworks and water plant is no longer adequate for the needs of the public served by it, and improvement and modification of and additional betterments thereto are urgently needed.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the City, and accordingly, it is hereby ordered that the City modify, improve and extend the existing waterworks by constructing and adding thereto modifications and additions to the water plant facility and the waterworks, including additional water lines, with all necessary appurtenant facilities (such modifications, improvements and additions to the waterworks being called the "Project"), particularly described in and ac-

ording to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder.

(C) It is necessary for the Town to issue its revenue bond in the principal amount of \$474,000 to finance the costs of acquisition and construction of the Project, in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$1,058,000, of which \$474,000 will be obtained from the proceeds of sale of the Bond herein authorized and \$584,000 from a grant by the Government.

(E) The costs of such acquisition and construction of the Project shall be deemed to include, without being limited to, the construction and acquisition of the additions, extensions and improvements for the existing waterworks; the acquisition of any necessary additional property, real or personal, or interest therein; interest on the 1975 Bond during and for six months after the estimated completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

Section 1.03. Ordinance to Constituta Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the holder thereof from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholder, and the covenants and agreements herein set forth to be performed by the Town shall be for the benefit, protection and security of the legal holder of the Bond.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Article 19, Chapter 8 of the West Virginia Code.

"Bond" or "Bonds" means the \$474,000 Water Revenue Bond, Series 1975, originally authorized to be issued pursuant to this Ordinance, and also includes any additional Bonds hereafter issued on a parity with the 1975 Bond within the terms, restrictions and conditions contained in this Ordinance, and the interest coupons appertaining to such additional parity Bonds.

"1975 Bond" means the Bond hereby authorized to be issued initially.

"City" means the City of Petersburg in Grant County, West Virginia, and, where appropriate, also means the Common Council thereof and any department, board, agency or instrumentality thereof in control of the management and operation of the System.

"Consulting Engineer" means Carrone & Vaughn, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Town as Consulting Engineer for the System.

"Facilities" means all the facilities of the System initially consisting of the existing waterworks as expanded by the Project, and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor hereafter at any time constructed or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

"Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Herein" means in this Ordinance.

"Holder of the Bonds" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered other than to the bearer, or of any coupons representing interest accrued or to accrue on said Bonds.

"Mayor" means the Mayor of the Town.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Town relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

"Original Purchaser" means the purchaser, directly from the Town, of any series of Bonds issued pursuant hereto, or any part of any such series.

"Project" shall have the meaning stated above in Section 1.02(B).

"Recorder" means the Recorder of the Town.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Town, or accrued to the Town, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of

the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"System" means the existing waterworks serving the Town and to be purchased by the Town, as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks owned by the Town; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the waterworks after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of 1975 Bond. Subject and pursuant to the provisions hereof, the Bond of the Town to be known as "Water Revenue Bond, Series 1975" is hereby authorized to be issued in the principal amount of not exceeding Four Hundred Seventy-Four Thousand Dollars (\$474,000) for the purpose of financing the costs of the construction and acquisition of the Project.

Section 2.02. Description of 1975 Bond. The 1975 Bond shall be issued in single form, shall be dated on the date of delivery thereof, and shall bear interest from date of delivery at the rate of five per centum (5%) per annum. The price for the 1975 Bond shall be the par value thereof.

The 1975 Bond shall be payable in monthly installments covering principal and interest in accordance with and as shown in the form hereinafter set forth.

The 1975 Bond shall be payable in advance in whole or in part, without premium, at any time, at the option of the Town.

The 1975 Bond shall be payable with respect to both principal and interest in lawful money of the United States of America at the National Finance Office of the Farmers Home Administration, United States Department of Agriculture, St. Louis, Missouri 63103, or at such other place as the Government may designate in writing.

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Town by the Mayor and the corporate seal of the Town shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer before the Bond so signed and sealed shall have been actually sold and delivered, such Bond may nevertheless be sold and

delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. The Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bond shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost.

In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may, in its discretion, issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may require; provided, however, that no indemnity shall be required of the Government except as to lost or destroyed unregistered coupon Bonds, if any. Any Bond so surrendered shall be canceled and held for the account of the Town. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bonds Secured by Pledge of Revenues and Statutory Mortgage Lien. The payment of the debt service of the Bond shall be secured forthwith equally and ratably, in addition to the statutory mortgage lien provided by the Act, by a first lien on the revenues derived from the System. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments into the Sinking Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due as herein provided.

A statutory mortgage lien is granted by the Act, and the 1975 Bond shall be additionally secured thereby.

Section 2.06. Form of 1975 Bond. Subject to the provisions hereof, the text of the 1975 Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Ordinance or any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof:

(Form of Bond)

CITY OF PETERSBURG

WATER REVENUE BOND
SERIES 1975

No. 1

\$474,000

Date: _____

FOR VALUE RECEIVED, the CITY OF PETERSBURG (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Four Hundred Seventy Four Thousand Dollars (\$474,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twelve months after the date hereof and \$2,304 covering principal and interest, on the first day of each month thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate

as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions to the waterworks of the Borrower is payable solely from the revenues to be derived from the operation of the waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act"), and represents the entire Series 1975.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made

or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE SEAL]

CITY OF PETERSBURG

(Name of Borrower)

ATTEST:

(Signature of Executive Official)

Mayor

(Title of Executive Official)

(Signature of Attesting Official)

Municipal Office, 23 Virginia Avenue

(Post Office Box No. or Street Address)

Recorder

(Title of Attesting Official)

Petersburg, West Virginia 26847

(City, State and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	

TOTAL _____

Pay to the Order of _____

UNITED STATES OF AMERICA
 FARMERS HOME ADMINISTRATION

By _____
 _____ (Title)

ARTICLE III

1975 BOND PROCEEDS; REVENUES AND
APPLICATION THEREOF

Section 3.01. 1975 Bond Proceeds: Project Construction Account.

All moneys received from the sale of the 1975 Bond and all moneys received under any construction loan or grant, except as may be otherwise provided in this Section, shall be deposited on receipt by the City in The Potomac Valley Bank of Petersburg, West Virginia (the "Bank"), a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "City of Petersburg Waterworks Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the City solely for the purchase of the existing waterworks and payment of the costs of the Project as provided herein.

Until completion of construction of the Project, the City will transfer from the Project Construction Account and deposit in the Sinking Fund monthly such sums as shall be from time to time required to pay the monthly interest installments on the 1975 Bond as herein and in the Bond provided.

If the City shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the City may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be used in accordance with the Regulations of Farmers Home Administration or paid to said National Finance Office as a prepayment on the Bond, but the monthly installments provided in the Bond shall not be reduced as a result thereof.

Section 3.02. Covenants as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account, hereinafter described, a sum sufficient to pay, when due or at the earliest practical redemption date, the entire principal of the Bonds remaining unpaid together with interest accrued and to accrue thereon, the Town further covenants with the holders of any and all Bonds issued pursuant hereto as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, except as otherwise provided herein, shall be deposited as collected by the City in a special fund known as the "Revenue Fund", hereby established with the said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the City and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The City shall first, each month, pay from the Revenue Fund the costs of operating and maintaining the System for the current month.

(2) The City shall next, each month, remit to the said National Finance Office (the "Sinking Fund") the amount provided in the 1975 Bond to pay the interest on and the principal of the 1975 Bond.

(3) The City shall next, each month, transfer from the Revenue Fund and deposit into the Reserve Account hereby established with the Bank, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the 1975 Bond until the amount in the Reserve Account equals the sum of \$27,650 for the 1975 Bond. After such amount has been accumulated in the Reserve Account, the City shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on the Bond, as shall be required to maintain such amount in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for payment of the installments on the Bond as the same shall become due or for mandatory prepayment of Bonds as hereinafter provided and for no other purpose.

(4) The City shall next, each month, transfer from the Revenue Fund the moneys then remaining in the Revenue Fund and shall deposit the same in the Depreciation Reserve hereby established with the Bank, until there has been accumulated therein the aggregate sum of \$28,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used by the City first to make up any deficiencies in the payment of installments on the Bond as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom to the Sinking Fund. Thereafter, and provided that payments into the Sinking Fund and the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the City and used for extensions, replacements and improvements of the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Reserve Fund have been fully complied with, any moneys remaining therein may be used to prepay or redeem Bonds outstanding or for any lawful purpose in connection with the System, the Recorder to handle prepayment of Bonds upon written instructions of the Council.

Whenever the moneys in the Reserve Account shall be sufficient to pay all Bonds outstanding, it shall be the mandatory duty of the City, anything to the contrary in this Ordinance notwithstanding, to direct the Recorder to arrange payment of all outstanding Bonds at the earliest practical date and in accordance with applicable provisions hereof, any such purchase to be at a price or prices not exceeding the then market price of Bonds so purchased, but in no event exceeding the then redemption price of the Bonds, as to Bonds subject to redemption, and not exceeding the par value of Bonds not subject to redemption but available for purchase or prepayment.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Bondholders shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Account and the Depreciation Reserve shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to place the required amount in any of the funds or accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to those which would otherwise be required to be made into the funds or accounts on the subsequent payment dates.

The City shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

The said Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Account as herein provided.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account a sum sufficient to pay when due, or redeem or purchase prior to maturity, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon and any applicable redemption premiums, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the City and the Bondholders.

Section 4.02. Rates. The City will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on all Bonds outstanding and to make the payments required herein to be made into the Sinking Fund, the Reserve Account and the Depreciation Reserve, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government, which consent will cover use of any proceeds of such disposition.

Section 4.04. Covenant Against Encumbrances. The City will not issue any obligations whatsoever, except additional parity Bonds hereinafter provided for, payable from the revenues of the System which rank prior to or equally as to lien on and source of and security for payment from such revenues with the Bonds; and all obligations hereafter issued by the City payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for

payment from such revenues, and in all other respects, to the Bonds.

Except as herein provided as to additional parity Bonds, the City will not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge, having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged hereby as security therefor, or upon the System or any part thereof.

Section 4.05. Issuance of Additional Parity Bonds. No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant hereto, except under the conditions and in the manner herein provided.

(A) No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions and improvements to the System or refunding Bonds issued hereunder, except as provided in subsection (F) of this Section.

(B) No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written certification by a certified public accountant not in the regular employ of the City based upon the necessary investigation, reciting the conclusion that the net revenues, as defined herein, actually derived from the System during the fiscal year immediately preceding the date of the issuance of such additional parity Bonds, shall have been not less than one hundred twenty per centum (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Bonds then outstanding and on the additional parity Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of Bondholders representing 75% of each Series of the then outstanding Bonds issued pursuant hereto.

(C) Prior to the issuance of any such additional parity Bonds, the City shall have entered into written contracts for the immediate acquisition or construction of such additions, extensions or improvements to the System which are to be financed by such additional parity Bonds.

(D) The term "additional parity Bonds", as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the revenues of the System on a parity with the 1975 Bond, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the holders of the Bond issued pursuant to this Ordinance and the holders of any additional parity Bonds subsequently issued within the limitations of and in compliance with this Section. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System, and their source of and security for payment from said revenues, without preference of any Bond or coupon over any other. The City shall comply fully with all the increased payments into the various funds created herein required for such additional parity Bonds, in addition to the payments required for Bonds originally issued hereunder. Redemption of Bonds prior to maturity in the event that the 1975 Bond and additional parity Bonds hereby authorized are outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each issue.

(E) No additional parity Bonds shall be issued at any time unless all the payments into the respective Funds provided for herein on Bonds then outstanding and all other payments provided for herein shall have been made or paid up as required to the date of issuance

of the additional parity Bonds and the City shall have fully complied with all the covenants, agreements and terms hereof or shall have remedied any deficiency in such compliance.

(F) With the written consent in advance of the original purchaser of the 1975 Bond and of Farmers Home Administration and anything to the contrary in subsections (A), (B) and (C) of this Section notwithstanding, additional parity Bonds may be authorized and issued by the City pursuant to supplemental ordinance in the event that the 1975 Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of construction of the Project. Any such additional parity Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of any such additional parity Bonds shall be in years and amounts suggested by said original purchaser and Farmers Home Administration.

Section 4.06. Insurance and Bonds. The City hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the City will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The City will itself, or will require each contractor contracting directly with the City to, obtain and maintain builder's risk insurance to protect the interests of the City during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the Town from claims for bodily injury and/or death and not less than \$50,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the City owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the City is operated for the benefit of the City with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the City from claims for bodily injury and/or death, and not less than \$50,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of or for the System Eligible Therefor; and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each contractor dealing directly with the Town ("prime contractor") and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Revenue Fund or of any other funds of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$5,000 upon the Recorder, provided, however, that no bond shall be required insofar as custody of the Project Construction

Account is concerned.

Flood Insurance, if National Flood Insurance is available, must be purchased with coverage to the extent available.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Government holds any of the Bonds, the Town will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the City and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal, and, if any premium be due, of such premium, of any of the Bonds either at the date therein specified for their payment or by proceedings for redemption or otherwise;

(B) Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

(C) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the City in the Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by

an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by such Bondholder, such court may, upon proof of such default, appoint a receiver for the affairs of the City and the System. The receiver so appointed shall administer the System on behalf of the City shall exercise all the rights and powers of the City with respect to the System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. No Priority Between Bonds. The Bonds, as herein defined, shall not be entitled to priority one over the other in the application of the revenues of the System or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention hereof that there shall be no priority among such Bonds, regardless of the fact that they may be actually issued and delivered at different times.

Section 4.10. Fiscal Year; Budget. While any Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the City agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual budget shall be made during such fiscal year unless unanimously authorized and directed by the Council. Copies of each Annual Budget shall be delivered to the Government, by the beginning of each fiscal year and shall be mailed

to those Bondholders who shall have filed their names and addresses with the Recorder for such purpose.

If for any reason the City shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Town. Each such Budget of Current Expenses shall be delivered and mailed immediately as in the case of the Annual Budget.

Section 4.11. Covenant to Proceed and Complete. The City hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of enactment hereof, subject to permitted changes.

Section 4.12. Books and Records. The City will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the City in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds, his agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the City relating thereto.

The City shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government and shall make available the report of said accountants at all reasonable times to any holder or holders of the Bonds,

or any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder, Bondholders or customer. The Government, so long as it holds all the Bonds, may permit substitution of a copy of the annual audit report by the office of the State Tax Commissioner for the copy of annual audit report by a certified public accountant.

Section 4.13. Maintenance of the System. The City covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as any of the Bonds are outstanding.

Section 4.14. No Competition. The City will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the City or within the territory served by the System.

Section 4.15. Concerning Arbitrage. It is not reasonably expected that the proceeds of sale of the Bond will be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(d) of the Internal Revenue Code of 1954, as amended. The fiscal agent is hereby expressly instructed not to violate such rules in investing such proceeds.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METERED RATE

First	2,000	gallons used per month or any fraction thereof, \$4.00 gross - \$3.50 net if paid within fifteen (15) days from date of bill.
Next	2,000	gallons used per month \$1.25 per thousand gals.
Next	30,000	gallons used per month \$1.00 per thousand gals.
Next	66,000	gallons used per month \$0.75 per thousand gals.
All Over	100,000	gallons used per month \$0.55 per thousand gals.

CONNECTION CHARGE (TAP FEES)

The tap fee for new customers shall be \$100.

RECONNECTION CHARGE

A reconnection charge of \$5 shall be made to restore discontinued service.

MULTIPLE OCCUPANCY

On apartment buildings or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a 5/8" meter. Motels and hotels shall pay according to the size of the meter installed.

TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than the following:

\$_____ multiplied by the number of units situated on the court site at the time the meter is read. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other domestic or commercial unit.

B. The City will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the City or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

C. The City may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

D. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

E. The City shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

F. In case of emergency, the City shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Town.

G. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the City shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but not less than 110% of the average annual debt service on all Bonds outstanding.

H. The City will not accept payment of a water or a sewer bill separately, when the customer concerned owes for both water and sewer services. For non-payment of charges for water or sewer services, or both, the City, after notice of discontinuance in accordance with the applicable Public Service Commission rules and regulations, will shut off water service and lock the meter, and will restore service only upon payment of all water and sewer charges, accrued penalties and reconnect charge.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, or sooner, the City shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of two-thirds or more in principal amount of each series of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the City to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, without the consent of the holders of such Bonds. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications, and for consent of 75% of the holders of each Series of Bonds outstanding to waiver or modification of the limitation upon issuance of additional parity Bonds contained in Section 4.05B.

Section 6.03. Award of 1975 Bond. The 1975 Bond is hereby awarded in its entirety to the Government, the 1975 Bond to bear interest at the rate of 5% per annum; provided, that if, prior to delivery of the 1975 Bond, the Government requires public sale thereof, then this award shall be and become void.

Section 6.04. Refunding of Bonds Permitted. The City reserves the right to refund the Bonds, subject to applicable provisions of West Virginia law, when in its judgment it would be to the best interests of the City and of its inhabitants so to do. Upon payment of all the Bonds outstanding, prior to or simultaneously with the issuance of any refunding bonds or of an issue of bonds for the purposes of refunding the Bonds then outstanding and providing funds for additions, extensions and improvements to the System, or upon provision for such payment by deposit irrevocably in trust, with the aforesaid Bank, or other lawfully designated paying agent, of a sum equal to the principal amount of the Bonds outstanding, plus an amount equal to all interest accrued and to accrue to the date of payment or redemption of such Bonds, and plus an amount sufficient to pay all applicable redemption premiums on the earliest practical redemption date, the security, pledge and any lien applicable to the Bonds then outstanding shall immediately cease. The sum so deposited in trust shall be used solely to prepay or to pay at the earliest practical redemption date the principal amount of the Bonds, and all interest thereon to the date of redemption or prepayment and the applicable redemption premiums, or to purchase Bonds at not to exceed the par value of the Bonds plus interest accrued to date of purchase. The moneys so deposited may be invested by the Bank or such paying agent in direct obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by the United States of America, having maturities not later than the dates on which the moneys shall be required to be used for such redemption or prepayment.

Section 6.05. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or

against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions hereof or the Bonds or coupons appertaining thereto.

Section 6.06. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed.

Section 6.07. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.08. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 6.09. Statutory Notice and Public Hearing. Upon enactment hereof, an abstract of this Ordinance determined by the Council to contain sufficient information to give notice of the contents of this Ordinance, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in The Grant County Press, a newspaper published and of general circulation in the said City, publication of which abstract of this Ordinance shall be together with a notice stating that this Ordinance has been enacted and that a certified copy of this Ordinance is on file with the Council in the office of the Recorder for review by interested persons during office hours of the Recorder, and that the City contemplates the issuance of the 1975 Bond, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the second publication of the said abstract and notice, and present protests.

At such hearing, all objections and suggestions shall be heard, and
the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading 10/6/75

Passed on Final Reading 10/27/75

Effective following public hearing held on the
date of Final Reading stated above.

John H. Brown
Mayor
Edith H. M. Cuddy
Recorder

CITY OF PETERSBURG

WATER REVENUE BOND
SERIES 1975

No. 1

\$474,000

Date: December 10, 1976

FOR VALUE RECEIVED, the CITY OF PETERSBURG (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Four Hundred Seventy-Four Thousand Dollars (\$474,000), plus interest on the unpaid principal balance at the rate of five percent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twelve months after the date hereof and \$2,304 covering principal and interest, on the first day of each month thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions to the waterworks of the Borrower is payable solely from the revenues to be derived from the operation of the waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act"), and represents the entire Series 1975.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

CITY OF PETERSBURG

By _____
Mayor

[CORPORATE SEAL]

Municipal Office, 23 Virginia Avenue
Petersburg, West Virginia 26847

ATTEST:

Recorder

UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL ECONOMIC
AND COMMUNITY
DEVELOPMENT

Federal Building, Room 320
75 High Street
Morgantown, WV 26505-7500
TELEPHONE: (304) 291-4796
FAX: (304) 291-4032
TTY/TDD: (304) 284-5941

February 22, 1996

Consent to Issuance of Parity Bonds
City of Petersburg
Water Revenue Bonds, Series 1996
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

The undersigned STATE DIRECTOR of the United States Department of Agriculture, Rural Economic and Community Development (formerly Farmers Home Administration), the present holder of all of the outstanding Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the above-captioned Water Revenue Bonds, Series 1996 (West Virginia Water Development Authority) (the "1996 Bonds"), by the City of Petersburg (the "Issuer"), in an aggregate principal amount not to exceed \$500,000, under the terms of the ordinance enacted January 17, 1996, authorizing the 1996 Bonds (The "1996 Ordinance"), on a parity as to liens, pledge and source of and security for payment, and in all respects, with the Issuer's Water Revenue Bond, Series 1975, dated November 10, 1976 (the "Prior Bond"); (ii) waives any requirements imposed by the Prior Bond or the ordinance enacted October 27, 1975, authorizing the Prior Bond (the "Prior Ordinance"), regarding the issuance of parity bonds which are not met by the 1996 Bonds and the 1996 Ordinance; and (iii) consents to any amendments made to the Prior Ordinance by the 1996 Ordinance.



ROBERT D. LEWIS

State Director, Rural Economic and
Community Development, acting on
behalf of the Rural Utilities
Service, successor in interest
to the Rural Development
Administration
State of West Virginia
United States Department of Agriculture



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

October 12, 1993

The Honorable Gillie Dodd
Mayor
Town of Petersburg
Post Office Box 669
Petersburg, West Virginia 26847

Dear Mayor Dodd:

Thank you for your application to the Small Cities Block Grant Program for fiscal year 1993.

I am pleased to approve your request in the amount of \$463,530. These funds will enable you to make necessary improvements to the Petersburg water treatment plant.

The West Virginia Development Office, Community Development staff, will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this project a reality.

Sincerely,

Gaston Caperton
Governor

GC:bts